

SHANTUNG

Treaties and Agreements

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE
DIVISION OF INTERNATIONAL LAW
PAMPHLET No. 42

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Carnegie Endowment for International Peace
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*Carnegie Endowment for International Peace,
Division of International Law*

SHANTUNG

Treaties and Agreements

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NOTE

A Conference on the Limitation of Armament was called on August 11, 1921, by the Government of the United States, to meet in Washington on November 11, 1921, the third anniversary of the signing of the armistice between the victorious Allied and Associated Powers and Germany.

The representatives of the Powers originally invited to the Conference were the British Empire, France, Italy and Japan, for the consideration of the question of the limitation of armament, and China for the discussion of Pacific and Far Eastern Questions. Later, representatives of Belgium, the Netherlands and Portugal, were invited to take part in the discussion of questions concerning the Pacific.

The tentative program agreed upon embraces the following subjects:

Limitation of Armament

1. Limitation of naval armament under which shall be discussed:
 - (a) Basis of limitation.
 - (b) Extent.
 - (c) Fulfillment.
2. Rules for control of new agencies of warfare.
3. Limitation of land armament.

Pacific and Far Eastern Questions

1. Questions relating to China.
First: Principles to be applied.
Second: Application.
Subjects:
 - (a) Territorial integrity.
 - (b) Administrative integrity.
 - (c) Open door—equality of commercial and industrial opportunity.
 - (d) Concessions, monopolies or preferential economic privileges.
 - (e) Development of railways, including plans relating to Chinese Eastern Railway.
 - (f) Preferential railroad rates.
 - (g) Status of existing commitments.
2. Siberia (similar headings).
3. Mandated islands (unless questions earlier settled).
Electrical communications in the Pacific.

Under the heading of "Status of Existing Commitments" it is expected that opportunity will be afforded to consider and reach an understanding with respect to unsettled questions involving the nature and scope of commitments under which claims of rights may hereafter be asserted.

In the belief that the dissemination of information regarding the status of armaments, the collection of official documents throwing light upon the situation in the Pacific, and the furnishing of accurate accounts of the issues involved in some of the more important problems confronting the Conference, would render a service to the public and perhaps even to the delegates to the Conference, the Carnegie Endowment for International Peace has undertaken the preparation and publication of a series of pamphlets of which the present pamphlet is one. The documents have been selected chiefly from John V. A. MacMurray's *Treaties and Agreements with and concerning China*, published in two volumes by the Endowment earlier in the year.

The meeting of so many nations in conference, following upon the close of a great war, is in itself an event of no mean importance. The holding of a conference upon the limitation of armament in succession to the First Hague Peace Conference called to consider the burden of armaments and the means for its decrease, with the possibility of an agreement in conference upon some of the questions of international import in addition to armaments, is an indication that the world is returning to "normalcy" and turning to the experience of The Hague.

That the Conference may be successful in all the phases of its program should be the desire of men and women of good-will in all parts of the world.

JAMES BROWN SCOTT,
Director.

WASHINGTON, D. C.,
November 4, 1921.

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LIST OF ABBREVIATIONS

<i>Am. Journal Int. Law</i>	<i>The American Journal of International Law</i> , published quarterly for the American Society of International Law.
<i>China</i> , No. — (year).....	British Parliamentary Papers on China, of number and year indicated.
CUSTOMS	<i>Treaties, Conventions, etc., between China and Foreign States</i> , published by order of the Inspector General of Customs (second edition, Shanghai, 1917).
<i>F. E. Review</i>	<i>The Far Eastern Review</i> , published monthly at Shanghai.
HERTSLET	<i>Hertslet's China Treaties: Treaties, etc., between Great Britain and China, and between China and Foreign Powers, etc.</i> (3rd edition, London, 1908).
KENT	<i>Railway Enterprise in China</i> , by Percy H. Kent (London, 1908).
MACMURRAY	<i>Treaties and Agreements with and concerning China, 1894-1919</i> , compiled and edited by John V. A. MacMurray (New York, 1921).
<i>Recueil</i>	<i>Recueil des Documents Diplomatiques concernant l'Extrême-Orient, 1894-1905</i> , published by the Russian Ministry for Foreign Affairs (St. Petersburg, 1905).
ROCKHILL	<i>Treaties and Conventions with or concerning Korea, 1895-1904</i> , edited by W. W. Rockhill (Washington, Government Printing Office, 1904).
<i>Shina Kankei Tokushu Joyaku Isan</i>	<i>Compilation of Special Treaties, relating to China</i> , compiled by the Research Committee of the Society of Common Language of Eastern Asia (Tokyo, 1917).
TYAU	<i>The Legal Obligations arising out of Treaty Relations between China and Other States</i> , by Min-ch'ien T. Z. Tyau, LL.D. (Shanghai Commercial Press, 1917).

No. 1

GERMANY AND CHINA

*Convention respecting the lease of Kiaochow.*¹—March 6, 1898

The incidents connected with the Mission in the Prefecture of Tsao-chau-foo, in Shantung, being now closed, the Imperial Chinese Government consider it advisable to give a special proof of their grateful appreciation of the friendship shown to them by Germany. The Imperial German and the Imperial Chinese governments, therefore, inspired by the equal and mutual wish to strengthen the bonds of friendship which unite the two countries, and to develop the economic and commercial relations between the subjects of the two States, have concluded the following separate Convention:

SECTION I

ARTICLE I.—**Rights ceded to German troops.**—His Majesty the Emperor of China, guided by the intention to strengthen the friendly relations between China and Germany, and at the same time to increase the military readiness of the Chinese Empire, engages, while reserving to himself all rights of sovereignty (*Souveränität*) in a zone of 50 kilometres (100 Chinese *li*) surrounding the Bay of Kiao-chau at high-water, to permit the free passage of German troops within this zone at any time, as also to

¹ MACMURRAY, vol. I, p. 112; translation from the German text as printed in CUSTOMS, vol. II, p. 208. The German text of Section I was printed in *Das Staatsarchiv*, vol. 61, No. 11518; translations from that version and from an unofficial version of Sections II and III are printed in ROCKHILL, p. 45; *American Journal of International Law*, Supplement, 1910, p. 285; HERTSLET, *Treaties, &c., between Great Britain and China; and between China Foreign Powers*, etc. (London, 1908), vol. I, p. 350; PERCY H. KENT, *Railway Enterprise in China* (London, 1908), p. 259. See also British Parliamentary Paper, *China*, No. 1 (1899), pp. 67 and 152.

In connection with this convention see also the following documents:

1. Anglo-German Declaration respecting Weihaiwei, April 26, 1898 (footnote to No. 2, *post*, p. 8);
2. Anglo-German bankers' arrangement respecting spheres of interest in railway construction, September 2, 1898 (attached to No. 6, *post*);
3. Declarations made to the United States regarding the open-door policy, March 20, 1900 (MACMURRAY, vol. I, p. 221);
4. Anglo-German Declaration defining their mutual policy in China, October 16, 1900 (No. 6, *post*);
5. Declaration of war by Japan against Germany, August 23, 1914, (No. 8, *post*);
6. Treaty between Japan and China respecting the Province of Shantung (with accompanying exchanges of notes), May 25, 1915 (No. 9, *post*); and
7. Treaty of peace between the Allied and Associated Powers, and Germany, June 28, 1919 (No. 14, *post*).

Concerning customs matters, see the following:

1. Agreement between Germany and China for the establishment of a maritime customs office at Tsingtau, April 17, 1899 (No. 3, *post*), to which are attached the agreement concerning inland waters steam navigation, April 17, 1904; amendment of the customs agreement of 1899, December 1, 1905; and German ordinances regulating

abstain from taking any measures, or issuing any Ordinances therein, without the previous consent of the German Government, and especially to place no obstacle in the way of any regulation of the water-courses which may prove to be necessary.¹

Rights reserved.—His Majesty the Emperor of China, at the same time, reserves to himself the right to station troops within that zone, in agreement with the German Government, and to take other military measures.

ART. II.—Territory leased.—With the intention of meeting the legitimate desire of His Majesty the German Emperor, that Germany, like other Powers, should hold a place on the Chinese coast for the repair and equipment of her ships, for the storage of materials and provisions for the same, and for other arrangements connected therewith, His Majesty the Emperor of China cedes to Germany on lease, provisionally for ninety-nine years, both sides of the entrance to the Bay of Kiaochau. Germany engages to construct, at a suitable moment, on the territory thus ceded, fortifications for the protection of the buildings to be constructed there and of the entrance to the harbour.

ART. III.—Limits of territory leased.—In order to avoid the possibility of conflicts, the Imperial Chinese Government will abstain from exercising rights of sovereignty (*Hoheitsrechte*) in the ceded territory during the term of the lease, and leaves the exercise of the same to Germany within the following limits:

(1) On the northern side of the entrance to the bay:

The peninsula bounded to the north-east by a line drawn from the north-eastern corner of Potato Island to Loshan Harbour.

procedure in customs matters, December 2, 1905, and concerning manufactures in German territory, April 17, 1907); and

2. Agreement between Japan and China concerning the reopening of the maritime customs office at Tsingtau, August 6, 1915 (No. 10, *post*).

In regard to railway matters, see the following:

1. Anglo-German bankers' agreement respecting spheres of interest in railway construction, September 2, 1898 (attached to No. 6, *post*);

2. Regulations for the Kiaochow-Tsinanfu Railway, March 21, 1900 (No. 4, *post*), to which is attached the charter of the Schantung Eisenbahn-Gesellschaft for the construction and operation of a railway from Tsingtau to Tsinanfu, June 1, 1899);

3. Agreement for a loan by British and German banks for the construction of the Tientsin-Pukow Railway, January 13, 1908 (MACMURRAY, vol. I, p. 684); and

4. Exchange of notes between Germany and China in regard to the extension of the Shantung Railway, December 31, 1913 (No. 7, *post*).

In regard to mining matters, see the agreement for joint coal mining by Chinese and Germans, March 21, 1900 (No. 5). See also note attached to Section II, Article IV of the convention (p. 4, *post*).

In reference to postal matters, see the agreement between China and Germany, November 3, 1905 (attached to the note on the International Postal Convention of May 26, 1906, MACMURRAY, vol. I, p. 585), and the agreement between Japan and China concerning postal and telegraph operations at the leased territory of Kiaochow Bay and along Kiao-Tsi Railway, March 26, 1917 (No. 11, *post*).

See further note 1 to this document, *post*, p. 6.

¹ See Note 2 to this document, *post*, p. 7.

(2) On the southern side of the entrance to the bay:

The peninsula bounded to the south-west by a line drawn from the south-westernmost point of the bay lying to the south-south-west of Chiposan Island in the direction of Tolosan Island.

(3) The Island of Chiposan and Potato Island.

(4) The whole water area of the bay up to the highest water-mark at present known.

(5) All islands lying seaward from Kiao-chau Bay, which may be of importance for its defense, such as Tolosan, Chalienchow, &c.

Delimitation.—The High Contracting Parties reserve to themselves to delimit more accurately, in accordance with local traditions, the boundaries of the territory leased to Germany and of the 50-kilometer zone around the bay, by means of Commissioners to be appointed on both sides.

Rights of Chinese ships in Kiao-chau Bay.—Chinese ships of war and merchant-vessels shall enjoy the same privileges in the Bay of Kiao-chau as the ships of other nations on friendly terms with Germany; and the entrance, departure, and sojourn of Chinese ships in the bay shall not be subject to any restrictions other than those which the Imperial German Government, in virtue of the rights of sovereignty (*Hoheitsrechte*) over the whole of the water area of the bay transferred to Germany, may at any time find it necessary to impose with regard to the ships of other nations.

ART. IV.—Navigation signals.—Germany engages to construct the necessary navigation signals on the islands and shallows at the entrance of the bay.

Port dues.—No dues shall be demanded from Chinese ships of war and merchant-vessels in the Bay of Kiao-chau, except those which may be levied upon other vessels for the purpose of maintaining the necessary harbour arrangements and quays.

ART. V.—Return of leased territory.—Should Germany at some future time express the wish to return Kiao-chau Bay to China before the expiration of the lease, China engages to refund to Germany the expenditure she has incurred at Kiao-chau, and to cede to Germany a more suitable place.

Germany engages at no time to sublet the territory leased from China to another Power.

Chinese in leased territory.—The Chinese population dwelling in the ceded territory shall at all times enjoy the protection of the German Government, provided that they behave in conformity with law and order; unless their land is required for other purposes they may remain there.

If land belonging to Chinese owners is required for any other purpose, the owner will receive compensation therefor.

Customs stations.—As regards the re-establishment of Chinese customs stations which formerly existed outside the ceded territory, but within the 50-kilometer zone, the Imperial German Government intends to come to an agreement with the Chinese Government for the definitive regulation of the customs frontier, and the mode of collecting customs duties, in a manner which will safeguard all the interests of China, and proposes to enter into further negotiations on the subject.¹

SECTION II.—Railway and Mining Affairs

ARTICLE I. The Chinese Government sanctions the construction by Germany of two lines of railway in Shantung. The first will run from Kiaq-chau via Weihsien, Tsingchofu, Poshan, Tzechwan, and Tsowping to Tsinan and the boundary of Shantung. The second line will run from Kiao-chau to Ichowfu, and from there to Tsinan via Laiwuhsien. But the construction of the extension from Tsinan to the boundary of Shantung shall not be begun until the railway is completed as far as Tsinan in order that further consideration may be given by the Chinese as to how they will connect this with their own trunk line. The route to be taken by this last branch will be definitely determined in the regulations which will be drawn up hereafter.

ART. II. In order to carry out the above-mentioned railway work, a Chino-German Company shall be formed. This Company may have offices in one place or in several places, and both German and Chinese merchants shall be at liberty to invest money therein, and share in the appointment of directors for the management of the undertaking.

ART. III. Germany and China shall in the near future draw up a further agreement relative to the management of the railway by the Company, and all matters pertaining thereto shall be discussed and decided upon by these two countries alone. But the Chinese Government shall afford every facility to the Chino-German Company in the construction of the road, and it shall enjoy all the advantages and benefits extended to other Chinese-foreign companies operating in China. It is understood that the object of this agreement is solely the development of commerce, and in constructing this railroad there is no intention to unlawfully seize any land in the Province of Shantung.

ART. IV. The Chinese Government will allow German subjects to hold and develop mining property for a distance of thirty *li* from each side of those railways and along the whole extent of the lines.² The following

¹ ROCKHILL, citing *Reichsanzeiger*, Sept. 5, 1898, notes that Kiaochow was opened as a free port on September 2, 1898.

² By a subsequent agreement dated July 24, 1911 (attached to the mining regulations of 1900, No. 5, *post*), Article IV was modified by the substitution of specific mining

places where mining operations may be carried on are particularly specified: Weihsien and Poshan along the line of the northern railway from Kiaochau to Tsinan, and Ichow, Laiwuhsien, etc., along the southern or Kiaochau-Ichow-Tsinan line. Both German and Chinese capital may be invested in these mining and other operations, but as to the rules and regulations relating thereto, this shall be left for future consideration. The Chinese Government shall afford every facility and protection to German subjects engaged in these works, just as provided for above in the article relating to railway construction, and all the advantages and benefits shall be extended to them that are enjoyed by the members of other Chinese-foreign companies. The object in this case is also the development of commerce solely.

SECTION III.—Commercial Operations in Shantung

The Chinese Government binds itself in all cases where foreign assistance, in persons, capital or material, may be needed for any purpose whatever within the Province of Shantung, to offer the said work or supplying of materials in the first instance to German manufacturers and merchants engaged in undertakings of the kind in question. In case German manufacturers or merchants are not inclined to undertake the performance of such works, or the furnishing of materials, China shall then be at liberty to act as she pleases.

The above Agreement shall be ratified by the Sovereigns of both the Contracting States, and the ratifications exchanged in such manner that, after the receipt in Berlin of the Treaty ratified by China, the copy ratified by Germany shall be handed to the Chinese Minister in Germany.

The foregoing Treaty has been drawn up in four copies, two in German and two in Chinese, and was signed by the Representatives of the two Contracting States on the 6th March, 1898, corresponding to the 14th day of the second month in the twenty-fourth year Kuang-hsü.

(Great Seal of the Tsung-li Yamên.)

(Signed)

Baron von HEYKING,

The Imperial German Minister.

LI HUNG-CHANG (in Chinese),

*Imperial Chinese Grand Secretary, Minister of
the Tsung-li Yamên, &c., &c.*

WENG TUNG-HO (in Chinese),

*Imperial Chinese Grand Secretary, Member of
the Council of State, Minister of the Tsung-li
Yamên, &c., &c.*

areas in lieu of the general grant of mining rights within 30 *li* (approximately 10 miles) on either side of the line of the Shantung Railway.

Note 1

In the course of a correspondence, initiated by the American Government, as to the construction to be placed upon this convention in the light of the German Government's adherence to the open-door principle as proposed by Secretary Hay under date of September 6, 1899, the German Embassy at Washington submitted to the Department of State on February 14, 1902, the following memorandum:

Memorandum of German Embassy in Washington regarding German Rights in Shantung.—February 14, 1902

"The Imperial German Government has no intention whatever of abandoning its adherence to the principle of the Open Door recognized also for the province of Shantung; neither does it contemplate any measures which might be used by other powers as an encouragement for further disintegrating on their part the actual state of possessions of the Chinese Empire.

"The Imperial German Government wants to state that any apprehensions in this respect which may possibly have been created by press-dispatches emanating from English sources are without foundation. The facts are that a German corporation has obtained mining concessions for certain strictly defined mineral lands situated in the province of Shantung; but this does in no way mean a monopoly for the whole province."

Under date of April 19, 1902, the German Foreign Office addressed to the American Embassy in Berlin a memorandum of which the translation is as follows:

Memorandum of German Foreign Office regarding German Rights in Shantung.—April 19, 1902

"I. The treaty between Germany and China which was concluded on March 6, 1898, regarding the transier under lease of certain territory on Kiao-chow Bay, was requisitely ratified in due time and has been in force legally between the two contracting parties ever since.

"II. The extract from the treaty which was contained in the Memorandum from the American Embassy, in the English language, is incorrect in its first paragraph. The provisions referred to, in the original text, read verbally rather as follows:

"The Chinese Government binds itself in all cases where foreign assistance, in persons, capital or material, may be needed for any purpose whatever within the Province of Shantung, to offer the said work or furnishing of material, in the first instance, to German industrialists and merchants who are engaged in undertakings of the kind in question.

"In case the German industrialists and merchants are not inclined to undertake the performance of such works or to furnish material, China shall then be at liberty to act as she pleases."

"III. 1.) The foregoing provisions do not grant any exclusive rights to Germany, they merely bind China to offer the works and schemes concerned to Germans, but leave to persons of other nationality absolute freedom to obtain the contracts for the furnishing of material by offering more favorable terms.

"The Imperial Government has as yet not learned of any instance where Americans or any persons of any other nationality have actually been placed at disadvantage through the application of these provisions.

"2.) The declaration of the principle of the 'Open-Door' by Germany as well as by the other Powers, was made a long time after the Kiao-chow treaty had gone into effect. Hence the later assertion of this principle cannot be applied retroactively to German rights previously obtained, as moreover, none of the other nations has renounced rights already acquired on account or in consequence of its acceptance of the principle of the 'Open-Door.'

"3.) France, in particular, on the strength of older treaty provisions after which those of the Kiao-chow treaty of 1898 were modeled, claims similar but more far-reaching rights in the southern Provinces of China. So long in the first place as France cannot be induced to renounce these rights the Imperial Government is hardly in a position to consider the renunciation of similar rights obtained by it in Shantung.

"4.) In other parts of China various other nations hold railway and other concessions of so wide a scope that their realization is not to be thought of within any measurable time, and which therefore practically amount to exclusive privileges. If the Government of the United States is inclined to urge the strict carrying out of the principle of the 'Open-Door,' which Germany would only find proper on the supposition that its application would be absolutely the same to all, it would above all be necessary to raise objections to such exclusive rights as are disguised under the name of concession. On the other hand, to begin with a restriction of the German rights in Shantung, which are really quite modest and which in reality seriously prejudice the interests of no one, would neither be just nor acceptable.

"5.) Finally, the Imperial Government cannot leave out of consideration, in taking up its position, (the fact) that the American Government has as yet refused to recognize the principle of the 'Open-Door' in the Philippines—to the serious disadvantage of Germans who have obtained rights there."

Note 2

In the *Claim of China for direct restitution to herself of the Leased Territory of Kiaochow, the Tsingtao-Chinan Railway and other German Rights in respect of Shantung Province*, as presented by the Chinese Delegation for the consideration of the Preliminary Peace Conference at Paris, in February, 1919, is given (at p. 35) the following translation of a convention between China and Germany respecting the withdrawal of German troops from the cities of Kiaochow and Kaomi (in the 50-kilometer zone), concluded November 28, 1905:

Agreement for Withdrawal of German Troops from Kiaochow and Kaomi.— November 28, 1905

"The Emperor of China has appointed Yang Shih-hsiang, Civil and Military Governor of Shantung, and the German Emperor, Van Semmern, Civil and Military Governor of Kiaochow, who after communicating full powers and finding them in due form have agreed upon the following articles.

"Whereas the German Emperor has, for the purpose of promoting friendly relations, agreed to withdraw the troops stationed at Kiaochow and Kaomi, the following articles are hereby concluded.

"ARTICLE 1. The German troops at Kiaochow shall withdraw immediately after this Convention has been signed.

"ART. 2. One fourth of the German troops stationed at Kaomi shall withdraw immediately after the signing of this Convention, and another fourth, within two months therefrom. The remaining troops shall withdraw within the next two months during which period barracks and stables shall be so speedily built in Tsingtao that the said troops may withdraw altogether within this said time-limit. But in case the said works cannot be finished within the two months, a complete withdrawal shall nevertheless be effected—there shall be no further extension of time.

ART. 3. from the date of the signing of this Convention, no matter whether the German troops at Kiaochow and Kaomi have completely withdrawn or not, the railways within the surrounding zone shall completely be under the supervision and protection of the Chinese local authorities and police officers. The police officers shall despatch so many policemen as they deem fit, but not more than two hundred and forty, to be evenly stationed at various sections: all matters relating thereto shall be conducted according to the police regulations prevailing beyond the surrounding zone. At some place near the city of Kaomi there shall be established a police office, with a police force of not more than one hundred men who shall, by turn, attend to their duty in the protection of the railway and in the suppression of disturbances which may arise. But if China should station troops in the said place, all matters relating thereto shall be governed by the Kiaochow Lease Convention.

"ART. 4. All the works which Germany has constructed in Kiaochow and Kaomi such as barracks, stables, drill grounds, roads, waterworks, and the like, together with the foundations thereof, houses and the fixtures attached thereto cost, calculated at their original prices, \$496,388.48. From this amount are to be subtracted \$5,000.00 as rent paid for the German Government by the Chinese Government,

\$21,388.48 expended for annual repairs and considered as representing the annual diminution of the value of the properties, and \$70,000.00 as extra reduction; the net price will then be \$400,000.00 at which the said properties will be purchased by and reverted to China under a separate agreement. The price of the buildings shall be paid off in four installments within two years from the day when the barracks at Kiaochow and Kaomi are handed over. After their purchase or reversion, all the buildings shall be reserved for educational and other public uses.

"ART. 5. In case Germany should, in accordance with the Treaties, require passage for her troops through Kiaochow and Kaomi, and stay there for a few days, a few weeks' notice will be necessary, in order that a vacant place may be assigned for their temporary stay, free of charge.

"Of this Convention there shall be made four copies in Chinese and four in German identical in sense; and after they have been signed, two copies each of the Chinese and German texts shall be filed at the office of the Governor of Shantung, and the other two copies each of the said two languages, at the office of the Civil and Military Governor of Kiaochow, for reference, transmission and observance.

"The second Day, eleventh Moon of the Reign of Kwanghsu corresponding to the 28th of November, 1905.

"Signed: YANG SHIH-HSIANG.
VAN SEMMERN.

No. 2

GREAT BRITAIN AND CHINA

*Convention for the lease of Wei-hai Wei.*¹—July 1, 1898

In order to provide Great Britain with a suitable naval harbour in North China and for the better protection of British commerce in the neighbouring seas, the Government of His Majesty the Emperor of China agree to lease to the Government of Her Majesty the Queen of Great Britain and Ireland, Wei-hai Wei, in the province of Shantung and the adjacent waters, for so long a period as Port Arthur shall remain in the occupation of Russia.

Territory leased.—The territory leased shall comprise the Island of Liu-kung and all other islands in the Bay of Wei-hai Wei, and a belt of land 10 English miles wide along the entire coast line of the Bay of Wei-hai Wei.

¹ MACMURRAY, vol. I, p. 152. Printed also in ROCKHILL, p. 60; *China*, No. 1 (1899), p. 199; CUSTOMS, vol. I, p. 541; HERTSLET, p. 122; *American Journal of International Law*, Supplement, 1910, p. 297; *British Treaty Series*, 1898, No. 14.

In connection with this convention see also the following declaration made to the German Government by the British Ambassador at Berlin, by a note dated April 20, 1898, and formally acknowledged on the same date:

"England formally declares to Germany that in establishing herself at Wei-hai Wei, she has no intention of injuring or contesting the rights and interests of Germany in the Province of Shantung, or of creating difficulties for her in that province. It is especially understood that England will not construct any railroad communication from Wei-hai Wei and the district leased therewith into the interior of the Province of Shantung."

For full text of notes, see HERTSLET, p. 584. See also ROCKHILL, p. 180, and *China*, No. 1 (1899), p. 27.

Within the above-mentioned territory leased Great Britain shall have sole jurisdiction.

Right to fortify.—Great Britain shall have, in addition, the right to erect fortifications, station troops, or take any other measures necessary for defensive purposes, at any points on or near the coast of the region east of the meridian $121^{\circ} 40'$ east of Greenwich, and to acquire on equitable compensation within that territory such sites as may be necessary for water supply, communications, and hospitals. Within that zone Chinese administration will not be interfered with, but no troops other than Chinese or British shall be allowed therein.

Jurisdictional rights.—It is also agreed that within the walled city of Wei-hai Wei, Chinese officials shall continue to exercise jurisdiction except so far as may be inconsistent with naval and military requirements for the defence of the territory leased.

Rights of Chinese war ships.—It is further agreed that Chinese vessels of war, whether neutral or otherwise, shall retain the right to use the waters herein leased to Great Britain.

Expropriation of natives.—It is further understood that there will be no expropriation or expulsion of the inhabitants of the territory herein specified, and that if land is required for fortifications, public offices, or any official or public purpose, it shall be bought at a fair price.

This Convention shall come into force on signature. It shall be ratified by the Sovereigns of the two countries, and the ratifications shall be exchanged in London as soon as possible.¹

In witness whereof the undersigned, duly authorized thereto by their respective Governments, have signed the present Agreement.

CLAUDE M. MACDONALD,
PRINCE CH'ING,

Senior Member of the Tsung-li Yamên.

LIAO SHOU-HÊNG,
President of the Board of Punishments.

Done at Peking in quadruplicate (four copies in English and four in Chinese) the 1st day of July in the year of our Lord 1898, being the 13th day of the 5th moon of the 24th year of Kuang-hsü.

¹ Ratifications exchanged at London, October 5, 1898.

No. 3

GERMANY AND CHINA

Agreement concerning the establishment of a maritime customs office at Tsingtao (together with (A) an Agreement concerning inland waters steam navigation, April 17, 1904; (B) an Amendment to the agreement, December 1, 1905; (C) an Ordinance regulating procedure in customs matters in the Kiaochow Territory, December 2, 1905; and (D) an Ordinance concerning manufactures in the German territory, April 17, 1907).¹—April 17, 1899

1.—The Commissioner or the Chief of the Maritime Customs Office at Tsingtao is to be of German nationality. The Inspector General of Customs will come to an understanding with the German Legation at Peking in case of appointing a new Commissioner.

2.—The members of the European staff of the Maritime Customs Office at Tsingtao shall, as a rule, be of German nationality; in case, however, of a suddenly occurring vacancy or of temporary requirements of the service, members of other nationalities may be provisionally sent to Tsingtao.

3.—The Inspector General of Maritime Customs will inform the Governor of Kiaochow beforehand about all changes in the staff of the Customs Office at Tsingtao; this, however, does not apply to the employés of the Chinese staff.

4.—All correspondence between the Customs Office at Tsingtao and the German Authorities and German merchants shall be conducted in the German language. Should, however, merchants of other nationalities come to reside at Tsingtao, they shall be at liberty to correspond in their language; correspondence in Chinese shall be likewise permitted.

5.—On merchandise brought by sea to Tsingtao no import duty shall be levied. Import duty according to existing Treaties shall be levied by the Maritime Customs Office on all merchandise or products passing the German frontier of Kiaochow into the interior of China.

The German Authorities agree to take suitable measures to assist as far as it is possible in the prevention of merchandise passing the German frontier when not provided with a Permit or Pass by the Maritime Customs Office.

6.—When Chinese merchandise or products brought from the interior of China into the German territory of Kiaochow are shipped from Tsingtao to other places, they will pay the export duty according to existing Treaties.

¹ MACMURRAY, vol. I, p. 189. Printed also in CUSTOMS, vol. II, pp. 215, 219, 221, 225, 237. In connection with these agreements, see the convention for the lease of Kiaochow, March 6, 1898 (No. 1, *ante*), and the agreement between Japan and China concerning the reopening of the maritime customs office at Tsingtao, August 6, 1915 (No. 10, *post*). The Tsingtao customs-house was opened on July 1, 1899.

Produce raised in, and merchandise manufactured from produce raised in or imported by sea, into the German territory of Kiaochow shall pay no export duty. The duty to be paid by articles manufactured in the German territory from materials brought there from the interior of China will be settled later.

7.—Chinese merchandise or products brought from Chinese treaty ports to Tsingtao shall pay no duty as long as they remain inside German territory; but if these Chinese merchandise or products pass the German frontier into the interior of China, they shall pay according to existing treaties.

8.—Chinese merchandise shipped from Tsingtao, and having paid accordingly export duty, shall be provided with a receipt, on the producing of which it shall pay, on being landed at a Chinese treaty port, a coast trade duty according to existing treaties.

9.—For European and other non-Chinese merchandise, on being shipped to Tsingtao from a Chinese treaty port, the import duty paid at the latter port shall be refunded by drawback according to Article 26 of the German-Chinese Treaty of 1861. On being imported to Tsingtao such merchandise shall pay no duty, so long as it does not pass the German frontier into the interior of China. On being re-exported from Tsingtao to other places outside China, such merchandise shall pay no export duty.

10.—Chinese merchandise or products having been shipped from a Chinese treaty port to Tsingtao and re-shipped from there to places outside China, shall on this occasion pay no export duty, in case that documentary evidence is produced of their having paid export duty at the treaty port from which they came.

11.—The Maritime Customs Office at Tsingtao shall take no part in the collection or administration of tonnage dues, lighthouse dues, or port dues.

12.—The Customs tariff in vigour in the Chinese treaty ports shall be applied likewise by the Maritime Customs Office at Tsingtao.

13.—The Maritime Customs agrees to levy on all opium brought to Tsingtao the same duties and taxes (*likin*) which are levied on opium in Chinese treaty ports. The duties and taxes collected on opium which enters into consumption inside the German territory shall be collected by the Maritime Customs for account of the German Government, and be paid over to the latter at certain intervals, to be fixed at convenience.

14.—The Government of Kiaochow agrees to set apart for the Maritime Customs Office sufficient space at Tsingtao for building offices, lodgings for the staff, with suitable room for garden, stables, and servants quarters. The amount to be paid for the sale or lease of such ground is to be settled locally by mutual agreement.

15.—The Chief of the Customs Office and the members of the staff shall be free from any obligation to act as jurors or assessors or from any other personal services.

16.—The Maritime Customs Office at Tsingtao, as designated in the above Articles, shall take charge of the collection of duties, taxes, or *likin* on all Chinese-built vessels (junks) coming to Tsingtao or to other places in the bay of Kiaochow and on all merchandise brought in such vessels. The duties, taxes, and other charges collected from Chinese-built vessels or from merchandise brought by them to Tsingtao shall not exceed the charges which have hitherto been levied from such vessels and such merchandise at Tsingtao or in other places of the bay of Kiaochow. Should at any time the charges levied on Chinese-built vessels and on merchandise brought by them at other ports in the province of Shantung be less in amount than such charges in the bay of Kiaochow, the latter shall be reduced to the amount levied in those other ports.

17.—The aforesaid Maritime Customs Office at Tsingtao shall be charged likewise exclusively with the granting and issuing of transit passes for merchandise going into the interior of China, as well as for merchandise coming from the interior of China to Tsingtao; and this office will be charged as well with all and every function, right, or capacity which appertain in the treaty ports to the so-called Chinese Customs Taotai.

18.—For the transit passes mentioned in Article 17 the duty according to existing treaties—i. e., half the amount of export or import duty—shall be collected by the Maritime Customs Office at Tsingtao.

19.—The procedure to be observed in case of frauds or contraventions committed by merchants against the Maritime Customs rules shall be settled hereafter by a separate Agreement, but it is understood in principle that all judicial procedure rests with the German tribunals at Tsingtao.

20.—In view of the possibility that with the development of commercial activity at Kiaochow new requirements may arise which are not to be foreseen, it is understood that the present Agreement bears a provisional character, and that both parties to it agree to introduce amendments as soon as required for the purpose of remedying inconveniences which may arise in the practical execution of this agreement.

Signed at Peking the 17th April 1899.

(Signed) HEYKING,
Minister of Germany.

(Signed) ROBERT HART,
Inspector General of Customs.

(A)—*Agreement about the establishment of a maritime customs office at Tsingtao: inland waters steam navigation.—Annex A*

APRIL 17TH, 1904

1.—The Kiaochow Customs having been formally authorised to function in Tsingtao are now empowered to issue inland steam navigation

papers: steamers thus permitted to ply on the inland waters are to be guided generally by the rules and regulations of July and September 1898¹ and the additional rules of September 1902,² but more especially by the regulations herebelow set forth.

2.—Steamers about to ply in the inland waters are required to deposit their national papers, Foreign or Native, with the Customs, and will receive in exchange, on written application, the Inland Waters Certificate; such Certificates are valid for one year, and a fee of Tls. 10 is payable on first issue and Tls. 2 for each annual renewal. Tonnage Dues are payable once every four months.

3.—Such certificated steamers may ply either (a) freely in the Tsingtao waters, or (b) according to regulations (1) from Tsingtao to a place or places inland and back, and (2) from Tsingtao to a place inland, thence to a Treaty port, thence to a place inland, and thence back to Tsingtao. On making due report to the local Customs or Tax Office, and paying local Dues or Duties, they may land or ship cargo or passengers at any recognised places of trade passed on the voyage, but they may not ply between inland places exclusively without special authority. If visiting another Treaty port on any such inland voyage, the Customs at such port are to be duly reported to and all port regulations, national and native, complied with.

4.—Whenever certificated steamers quit or return to Tsingtao, they are to clear from and report to the Kiaochow Customs, handing in Outward and Inward Manifests of cargo, reporting places to be called at or called at, and paying the prescribed Duties. Opium and contraband goods are not to be carried inwards or outwards: if carried, the goods are confiscable and the vessel subject to a fine of \$500, a second offence entailing withdrawal of Inland Waters Certificate and privileges.

5.—Certificated steamers are required to carry the Imperial Chinese Post Office mails free of charge, and the Postal Department of the Kiaochow Customs is empowered to transact all required postal business in this connexion independently and/or in communication with the Colonial Post Office.

6.—The Colonial Government will assist the Kiaochow Customs to suppress smuggling—more especially the smuggling of Opium and contraband,—and accord special facilities to develop the legitimate business of the Postal Department.

Signed at Peking the 17th April 1904.

(Signed)

A. v. MUMM,
Minister of Germany.

(Signed)

ROBERT HART,
Inspector General of Customs.

¹ See regulations concerning steam navigation inland, MACMURRAY, vol. I, p. 159.

² Annex C to British Commercial Treaty of September 5, 1902 (*ibid.*, p. 342.)

(B)—*Amendment to the agreement re the establishment of a custom house in Tsingtau*

DECEMBER 1ST, 1905

PREAMBLE.—The Chinese and German Governments being anxious to amend the Agreement of the 17th April 1899, with a view to putting the relations between the Colony of Kiaochow and the Chinese Customs on a still better basis, have agreed to the amendments represented in the following Articles.

The basis of this arrangement is that the Chinese Government on its part (1) agrees to pay to the German Government a certain proportion of the Import Duties on goods, Opium included, landed in the German territory, and (2) consents to the modifications of Treaty-port Customs practice and principles which said Articles establish; and that the German Government on its part, in consideration of the Chinese payment and consent, undertakes to facilitate the working of the Imperial Chinese Customs establishment established and operating in the German territory and to aid in safeguarding the Revenue legitimately payable.

With the object of carrying out the necessary amendments, the under-mentioned Articles, duly agreed to by both parties, have been made.

ARTICLE I. After the delimitation of the 'Tsingtau free area by the German officials, the Chinese Maritime Customs established in the German territory will levy all the Duties payable on goods passing outside the free area, and the Chinese Government will hand over annually to the German officials at Tsingtau 20 per cent. of the net Import Duties collected, as shown by the statistics of Kiaochow Customs, as its contribution to the expenses of the territory. This percentage will be fixed for the present provisionally for five years, and payment will be made in quarterly instalments after the end of each quarter. If this arrangement, fixing the contribution at 20 per cent., should at any time seem to either party to require amendment, notice is to be given to the other before the beginning of the fifth year, in order to afford time for reconsideration.

ART. II. The limitation of the free area, which is to be established at the Great Harbour, and its probable extension later, on account of the progressing harbour works, will be made as convenient as possible for carrying on Customs work.

ART. III. On articles which are Duty free by existing Customs Tariff no Duty will be levied. The following are Duty free:

FOR THE GERMAN TROOPS

(a) Articles for arming and outfitting the troops, including Uniforms, if directly ordered by the military or naval authorities and if accompanied by Certificate of the Colonial Government.

(b) Stores and Provisions ordered by the military or naval authorities in anticipation of future requirements, if accompanied by Certificate of the Colonial Government.

FOR THE GENERAL PUBLIC

(c) Machinery, Plant, as well as Parts of Machinery, Implements and Tools required for manufacturing, industrial, and agricultural purposes; also all Building Materials, Fittings, and other articles for public and official works. A written Bond for the value of the goods must in each case be handed to the Customs certifying that the articles are solely for use in the German territory. If, later, they are to be conveyed into China, they must be declared to the Customs and pay Import Duty. Failure to do so will involve enforcement of the Bond for recovery of double the amount of Duty on the value specified in it.

(d) Articles (Vehicles and such-like) passing to and fro between the free area and outside, solely for ordinary repairs; but they are to be reported to the Customs officers, that their passing may be noted.

(e) All postal parcels imported and destined for private use in the German territory, if the Duty which has to be taxed in accordance with the attached declaration does not exceed \$1 (value \$20). The Customs are at liberty to examine such parcels and verify declarations as occasion demands.

(f) The personal luggage of passengers, declared as not containing dutiable or contraband goods; it will only be examined in cases where the Customs consider it specially necessary.

ART. IV. The regulations laid down in Arts. 5, 7, and 9 of the Agreement of 17th April 1899 as to levying of Import Duty are hereby modified, in so far that the *free Duty area* is limited to the *free area*. Payment of Duty therefore will be made according to circumstances, either when leaving the free area or, if to be landed elsewhere, before landing. By the payment of the Duty the goods pass into free circulation, and out of Customs control. Provision having been thus made for effective collection of Duty in Tsingtau, Customs Stations on or near the frontier will, under the provided conditions, be unnecessary, and the question of establishing such can for the time being be postponed; such Stations as are required for the control of junk traffic are excepted.

ART. V. For manufactories which are erected outside the free area, arrangements are to be made according to which manufactories will not be treated less favourably than if they came from the free area. Labour in the German territory is free of tax; consequently manufactures made in the German territory from raw materials which have been imported from the *hinterland* or by sea into the German territory are, at reshipment, only subject to such Duty payment as China has by Treaty claim for on the raw

material. A list of articles entitled to be treated as raw material will, if needed, be drawn up by the Customs and the Government to take the place of the Consul.

ART. VI. All trading and shipping facilities and privileges which are granted in Chinese coast ports are to be extended to the German territory, with such modifications as local conditions may require.

ART. VII. In cases of fraud and offences against the Customs regulations, the procedure will be conducted in accordance with the spirit of the "Joint Investigation Rules of 31st May 1868"—a Colonial officer specially named by Colonial authorities and revised annually at the end of each year.

ART. VIII. It is understood that this Agreement is an amendment of the original Agreement of 17th April 1899, made in accordance with Art. 20 of the latter, which, unless where modified hereby, remains in full force.

Signed and sealed at Peking this first day of December nineteen hundred and five by Baron MUMM VON SCHWARZENSTEIN, His Imperial German Majesty's Minister, on behalf of the German Government, and by Sir ROBERT HART, Bart., G.C.M.G., Inspector General of Imperial Chinese Customs, on behalf of the Chinese Government.

[SEAL.]

(Signed)

A. v. MUMM.

[SEAL.]

(Signed)

ROBERT HART.

(C)—*Ordinance regulating procedure in customs matters in the Kiaochow territory*¹

DECEMBER 2ND, 1905

I.—GENERAL RULES

§ 1.—All goods imported by sea into or exported from the German territory, with only such exceptions as are specified below, are subject to Duties on importation or exportation at the rates specified in the Chinese Tariff for Foreign trade for the time being in force. Goods forwarded to or coming from the interior under Transit Pass must pay the Treaty Transit Dues in addition to the Import or Export Tariff Duty.

§ 2.—The Customs procedure is guided by the principles and follows the practice which are in force at the Chinese Maritime Custom Houses at the various Treaty ports, and Customs control wherever necessary is exercised by its officers.

§ 3.—Import and Export Manifests of all vessels made out in accordance with the provisions of the Treaties must be handed to the Customs. The Manifests to be signed either by the master of the vessel, who in that

¹ Translation from German text. As printed in Customs this ordinance is headed *Annex A*, and bears a notation that it was "Issued by the Colonial Government on 2nd December, 1905, and accepted by the Inspectorate General of Customs."

case is held responsible, or by the agent of the vessel, in which case he will be responsible.

§ 4.—Junks repairing to the special points they frequent excepted, no vessel is allowed to work cargo until Import Manifest has been handed in to the Customs, nor to allow it to leave the ship outside the free area until Customs Permit has been issued. Applications for goods to be landed or shipped outside the free area must specify the locality—what jetty, etc.—they are to be landed at or shipped from.

II.—FREE AREA

§ 5.—The free area comprises the Great Harbour including the Moles, the wharf territory and the enclosing embankment, and the territory in front of the harbour as far as the chief railway embankment. It is limited in the southwest by a line between Inner Harbour and railway embankment near the junction of Rechternstrasse and Grosse Hafenweg, and in the east by a line between railway and enclosing dam near the block station. An extension of the free area is reserved for later use at any time according to requirement. The following are the boundaries of the area kept for possibly required extension in the future, viz., the railway embankment to the block station, including territory to be filled in on the one side to the extent of 200 mètres east of the enclosing dam; on the other side (west), to the railway viaduct off the Shansistrasse along the road to Oster's Slip, including small and large harbours.

§ 6.—The free area shall not be made use of for dwellings, with the exception of those which are necessary for warehouse and wharf controllers, harbour, Customs, and police officers, nor for petty trade, with the temporary exception of a fixed number of Chinese street cookeries for the use of coolies. Factories are, in principle, allowed.

§ 7.—The Customs control within the free area, as well as at the exits, is exercised by the Chinese Custom House.

§ 8.—The Customs Duty account of all vessels must be settled within ten days of the ship's clearance, and Duty on all Imports passing beyond the free area paid.

§ 9.—Goods arriving by sea or from the *hinterland*, which are intended to be stored, sorted, and worked up in the free area, shall be notified to the Customs, who will then take them under supervision. At the time of the notification the following details have to be supplied: mode of conveyance by which the goods arrived, and, if by sea, name of ship, name and address of consignee, date of arrival, number of packages, kind of packing, marks and numbers, and general description of the goods.

§ 10.—Goods which are destined to be exported by sea from the free area have to pass the Customs. Goods without Customs papers are not allowed to be received on board.

§ 11.—Traffic of every kind (carriages, carts, railway, junks, sampans, tugs, steamers, etc.) by sea and land frontier of the free area is subject to the supervision of the Customs.

III.—DUTY-FREE GOODS

§ 12.—On articles which are Duty free by Treaty no Duty will be levied.

The following are Duty free:

FOR THE GERMAN TROOPS

(a) Articles for arming and outfitting the troops, including Uniforms, if directly ordered by the military or naval authorities and if accompanied by Certificate of the Government.

(b) Stores and Provisions ordered by the military and naval authorities in anticipation of future requirements, if accompanied by Certificate of the Government.

FOR THE GENERAL PUBLIC

(c) Machinery, Plant, as well as Parts of Machinery, Implements and Tools required for manufacturing, industrial, and agricultural purposes; also all Building Materials, Fittings, and other articles for public and official works. A written Bond for the value of the goods must in each case be handed to the Customs certifying that the articles are solely for use in the German territory. If, later, they are to be conveyed into China, they must be declared to the Customs and pay Import Duty. Failure to do so will involve enforcement of the Bond for recovery of double the amount of Duty on the value specified in it.

(d) Articles (Vehicles and such-like) passing to and fro between the free area and outside, for ordinary repairs; but they are to be reported to the Customs officer, that their passing may be noted.

(e) All postal parcels imported and destined for private use in the German territory, if the Duty, which has to be taxed in accordance with the attached declaration, does not exceed \$1 (value \$20). The Customs are at liberty to examine such parcels and verify the declarations as occasion demands.

§ 13.—The personal luggage of passengers, declared as not containing either dutiable or contraband goods, is passed free of Duty and, as a rule, without examination; but the right of examination is reserved to the Customs in cases where it may be considered specially necessary.

Duty is leviable on articles carried in excess of those reasonably necessary for personal use or if expected to be sold.

IV.—MANUFACTURES IN THE GERMAN TERRITORY¹

§ 14.—Manufactures in the German territory are only subject to Duty in so far as China is entitled to Duty on the raw material.

(a) Chinese raw material landed in German territory from the *hinterland* or non-Treaty ports and intended for use in a manufactory may be declared to the Customs and a Bond for any Duty payable on same deposited.

When the articles manufactured from this raw material come to be exported, they will pay Export Duty on the material used, and the Duty guaranteed by the Bond shall be cancelled to that extent.

Duty guaranteed by the Bond must be paid or accounted for before the expiration of three years from its date.

It will be optional for the exporter to pay full Tariff Duty on the exported article instead of on the raw material used in its manufacture.

(b) Any Import or Coast Trade Duty levied on raw material arriving from Foreign countries or from the Treaty ports of China will be refunded at the time of exportation by sea of the manufactured articles made therefrom, provided that at the time of importation such material was duly declared at the Custom House as for use in a manufactory.

(c) An arrangement will be made by agreement of Colonial and Customs authorities that when the various classes of manufactured articles are exported, the amount of raw material used will be fixed as a definite proportion and the Export Duty will be diminished accordingly.

(d) The factories entitled to claim the treatment as specified above will be registered, and a list of them, revised as required and if needed, furnished to the Customs.

V.—OPIUM

§ 15.—Opium can only be imported by vessels in original chests. The importation of smaller quantities than one chest is forbidden. All Opium on board of ships, including that intended for consumption during the journey, must, on arrival of the ship, be reported without delay to the Customs, who will supervise the transportation to the Customs godown of so much as is to be landed.

§ 16.—Opium from the German territory to China or from China to the German territory can only be conveyed by rail, on special Bill of Lading and as "Eilgut." It is forbidden to carry it as passenger's luggage. All Bills of Lading, etc., for arriving Opium are handed by the railway to the Customs in the German territory, who will notify the addressees.

§ 17.—The consumption of Opium in the German territory is subject to special regulations.

¹ Section IV (§ 14) rescinded and replaced by the ordinance of April 17, 1907, printed below under (D).

VI.—ARMS, POWDER, EXPLOSIVES, ETC.

§ 18.—Arms, Powder, Explosives, and the like, as well as materials used in the manufacture of the same, must be declared on arrival and discharged and stored in accordance with the regulations of the Colonial Government.

§ 19.—The export of Arms and Munitions of War of all kinds, as well as materials used in the manufacture of the same, from the German into Chinese territory is prohibited; exception is only made in the case of articles covered by Special Permit issued by the Commissioner of Customs in accordance with Chinese regulations.

§ 20.—The storage of Arms and Explosives in the German territory, as well as the trade in the same, is subject to special regulations.

VII.—MAIL MATTER

§ 21.—Mail matter may be landed or shipped by the Post Office at any time.

§ 22.—Postal parcels will be received by the Post Office only if accompanied by a declaration form viséd by the Customs.

§ 23.—Parcels destined for Tsingtau will be handed, immediately after arrival, by the Post Office to the Customs for assessment of Duty. The declaration form will be delivered to the addressee in the same way as other mail matter. The addressee will produce the declaration form at the Customs, and on payment of duty, if any (*vide* § 12, (e)), the parcel will be delivered by the Customs. For such parcels as are destined for other places in the German territory where German Post Offices operate, the Duty payment of such parcels will be made, on application of the addressee, by the German Post Office, who will collect the Duty and a fee of 20 cents at the time of delivering the parcel.

§ 24.—The importation of Opium, Arms, Powder, Explosives and the like, as well as materials used in the manufacture of the same, by Post is forbidden. In special cases the Government can grant an exception.

VIII.—TANK KEROSENE OIL

§ 25.—The Customs procedure for despatching tank ships, storage, and valuation of Kerosene Oil will be in accordance with the procedure in force at the Maritime Custom Houses at the Treaty ports.

IX.—OFFICE HOURS OF THE CUSTOM HOUSE

§ 26.—The Custom House is open for the receipt and issue of all Customs papers from 10 A.M.—4 P.M. on all days, Sundays and holidays excepted. The Customs Bank is open on all weekdays from 9—12 A.M. and 2—4 P.M.

§ 27.—Vessels wishing to load or discharge on Sundays or holidays, as well as during night hours, must take out a Special Permit from the Customs: this Permit must be applied for during office hours.

§ 28.—The transport of goods over land and sea boundary of the free area during night hours is only allowed in case a Special Permit has been obtained from the Customs. This does not apply to mail matter and passengers' luggage.

§ 29.—Night hours are:

From 1st March to 31st October: from 8 P.M. to 5 A.M.

From 1st November to 28/29 February: from 6 P.M. to 6 A.M.

X.—FINES

§ 30.—Confiscation and fines will be imposed according to the principles which are laid down by the Treaties and which are in force at the Maritime Custom Houses. In cases of appeal against confiscation and fine imposed by the Commissioner of Customs, the procedure will be conducted in accordance with the spirit of the "Rules for Joint Investigation in Cases of Confiscation and Fine by the Custom House Authorities. Peking, 31st May 1868."

XI.—ABROGATION OF FORMER REGULATIONS

§ 31.—This Ordinance, issued to carry out the terms of the Agreement made on 17th April 1899 and of the Amendment to same made under its 20th Paragraph on the 1st December 1905, and accepted by the Chinese Customs authorities,¹ will come into force on 1st January 1906, and will take the place of the following Regulations, which are hereby rescinded:

(a) The Provisional Customs Regulations for the German Territory of Kiaochow, of 23rd May 1899.

(b) The Special Regulations for the Importation and Control of Opium, etc., of 23rd May 1899.

(c) The Special Regulations *re* the Execution of the Customs Control, of 23rd May 1899.

(d) The Provisional Additional Regulation to the Provisional Customs Regulations concerning Goods loaded by the Shantung Railway, of 20th April 1901.

(e) The Customs Notification No. 24 regarding the Goods loaded by the Railway, of 31st March 1902.

TSINGTAU, 2nd December 1905.

The Colonial Governor p. t.,
(Signed) VAN SEMMERN.

¹ The acceptance of this ordinance by the Inspectorate General of Maritime Customs was notified by it to the Commissioners of customs by Circular No. 1306 (2nd Series), December 23, 1905.

*(D)—Manufactures in German territory*APRIL 17TH, 1907

WHEREAS necessity has arisen for more clearly stating the procedure to be followed in the treatment of manufactures by the Kiaochow Customs, the undersigned agree to accept the rules and explanations embodied in the document hereto attached, to be substituted for Section IV, "Manufactures in the German Territory," § 14 in the Tsingtau Ordinance of the 2nd December 1905 regulating procedure in Customs matters, and append their signatures herebelow to record acceptance of the same.

GRAF REX,

Minister of Germany.

ROBERT HART,

Inspector General of Customs.

Signed at Peking the 17th April 1907.

Ordinance

§ 14 of the Ordinance regulating procedure in Customs matters in the Kiaochow territory of 2nd December 1905 is hereby rescinded and the following paragraph will take its place:

*Manufactures in the German Territory**A.—GENERAL RULES*

1.—Payment of Import Duty on goods of all kinds is to be made according to circumstances, either when leaving the free area or, if to be landed elsewhere, before landing. By the payment of Duty the goods pass into free circulation and out of Maritime Customs control (Amendment, Art. IV). Export Duty is paid on goods when shipped from Tsingtau to other places (Agreement, Art. VI). Goods between the *hinterland* and the territory outside the free area pass free of Maritime Customs control and Duty payment.

Produce raised in and merchandise manufactured from produce raised in or imported by sea into the German territory pays no Export Duty (Agreement, Art. VI). Articles made from raw materials are treated like ordinary goods unless the materials are declared to the Customs, when they will be accorded special treatment. As to Duty to be paid, manufactories inside or outside the free area are treated alike.

2.—Articles made in the German territory may, when forwarded into the interior, at the option of the manufacturer, be sent under Transit Pass

and Pay Transit Dues on the fabricated article (*vide* Explanatory Notes).

3.—Chinese raw materials landed in German territory from the *hinterland* or non-Treaty ports and intended for use in a manufactory may be declared to the Customs and a Bond for any Duty payable on same deposited.

When the articles manufactured from this declared material come to be exported, they will pay Export Duty on the material used and the Duty guaranteed by the Bond shall be cancelled to that extent.

Duty guaranteed by the Bond must be paid or accounted for before the expiration of three years from its date.

It will be optional for the exporter to pay full Tariff Duty on the exported article instead of on the raw material used in its manufacture.

Articles manufactured from material which has not been declared to the Customs and for which no Bond has been signed, pay full Export Duty at exportation when passing the Customs station.

4.—Any Import or Coast Trade Duty levied on raw material arriving from Foreign countries or from the Treaty ports of China will be refunded at the time of exportation by sea of the manufactured articles made therefrom, provided that at the time of importation such material was duly declared at the Custom House as for use in manufactory.

5.—Manufactures made in the German territory when forwarded by sea into China are at importation subject to full Tariff Duty and may obtain Transit privileges by paying Transit Dues if taken inland.

6.—An arrangement will be made by agreement of Colonial and Customs Authorities that when the various classes of manufactured articles are exported the amount of raw material used will be fixed as a definite proportion and the Export Duty will be diminished accordingly.

7.—The factories entitled to claim the treatment as specified above will be registered, and a list of them, revised as required and if needed, forwarded to the Customs.

B.—EXPLANATORY NOTES

The following notes refer only to such materials as have at the time of their arrival in German territory been duly declared at the Kiaochow Custom House as for use in a manufactory and, where needed, deposited Bonds for Duty payable.

1.—*Foreign Material arrived from Abroad either direct or through Treaty Port*

(a) If the manufactured article departs to go abroad—

1. The Duty paid will be refunded.

- (b) If the manufactured article is shipped to a Chinese Treaty port, the Duty paid at importation is refunded and the article pays—
 - 2. At the port where landed the same Duty as the Tariff prescribes for similar merchandise arriving direct from Foreign countries, and
 - 3. By paying a Transit Due afterwards becomes entitled to Transit privileges if going inland.
- (c) If the manufactured article is sent away under Inland Waters Navigation Rules, the article is liable to—
 - 4. Whatever Duties, charges, or taxes similar merchandise has to pay on departure or *en route* and inland when similarly carried. Such article may, however,
 - 5. Free itself from such inland liability, and enjoy Transit privileges instead, by paying a $2\frac{1}{2}$ per cent. Transit Due on the manufactured article and carrying Transit documents.
- (d) If the manufactured article is sent away to the *hinterland* by a land route, it is treated—
 - 6. Like similar merchandise despatched under Inland Waters Navigation Rules.

2.—*Native Material arrived from Chinese Treaty Ports*

- (e) If the manufactured article departs to go abroad—
 - 7. The Coast Trade Duty paid will be refunded.
- (f) If the manufactured article departs to go to a Chinese Treaty port—
 - 8. A Coast Trade Duty-paid Certificate on the raw material contained in it will be given to free the article from Duty on arrival at the Treaty port landed at; afterwards it is treated as Chinese merchandise and not entitled to Transit privileges, or, at the option of the exporter,
 - 9. The Coast Trade Duty will be refunded and it pays a full Import Duty on the manufactured article at the Treaty port landed at, and, if thence going inland, may obtain Transit privileges
 - 10. On payment of a $2\frac{1}{2}$ per cent. Transit Due and while accompanied by Transit documents.
- (g) If the manufactured article leaves Tsingtau under Inland Waters Navigation Rules, it is liable to—
 - 11. Whatever Duties, charges, or taxes similar merchandise has to pay on departure or *en route* and inland when similarly carried. Such article may, however,

12. Free itself from such inland liability and enjoy Transit privileges on the payment of $2\frac{1}{2}$ per cent. Transit Due at Tsingtau on the manufactured article.

(h) If the manufactured article leaves Tsingtau by the land route and goes to the *hinterland*, it is treated—

13. In the same way as if leaving under Inland Waters Navigation Rules.

3.—*Native Material arrived under Inland Water Navigation Rules*

(i) If the manufactured article goes abroad, it pays at Tsingtau full Export Duty on either—

14. The material used or, at the option of the exporter, on

15. The article itself, and the quantity is written off on the Bond.

(j) If the manufactured article goes to a Chinese Treaty port, it pays at Tsingtau full Tariff Duty on the—

16. Material used, Coast Trade Duty at the port landed at, and is thereafter treated as Chinese merchandise, or, at the option of the exporter, on the

17. Manufactured article, in which case it is given an Exemption Certificate, which entitles it to free entry as Foreign merchandise at the port arrived at, and, on subsequent payment

18. Of $2\frac{1}{2}$ per cent. Dues, to Transit privileges if going inland.

(k) If the manufactured article goes away under Inland Navigation Rules, it pays Coast Trade Duty on—

19. Material used or, at the option of the manufacturer, on

20. The manufactured article, and is liable to

21. Whatever Duties, charges, or taxes similar merchandise has to pay *en route* and inland when similarly carried. Such article after such payment of Duty on material or manufactured article may, however,

22. Free itself from such inland liability and enjoy Transit privileges on the payment of $2\frac{1}{2}$ per cent. Transit Due at Tsingtau on the manufactured article.

(l) If the manufactured article leaves Tsingtau for the *hinterland* by the land route, it is treated—

23. In the same way as if leaving under Inland Navigation Rules.

4.—*Native Material arrived by Land Route from the Hinterland*

(m) If the manufactured article goes abroad, the material is written off on the Bond and the exporter pays at Tsingtau full Export Duty either—

24. On the material used or, at the option of the exporter, on

25. The manufactured article.

(n) If the manufactured article goes to a Chinese Treaty port, it pays at Tsingtau full Tariff Duty on the—

26. Material used, Coast Trade Duty at the port landed at, and is thereafter treated as Chinese merchandise, or

27. On the manufactured article, in which case it is given an Exemption Certificate, which entitles it to free entry as Foreign merchandise at the port arrived at, and, on subsequent payment

28. Of $2\frac{1}{2}$ per cent. Dues, to Transit privileges if going inland.

(o) If the manufactured article goes away under Inland Waters Navigation Rules, it pays at Tsingtau Coast Trade Duty at the option of exporter either on—

29. Material used or on

30. Manufactured article, and will afterwards be liable, like similar merchandise similarly carried, to Inland Duties, charges, and taxes unless protected by Transit documents, which will entitle it to Transit privileges and may be obtained at Tsingtau from the Kiaochow Customs

31. On the additional payment of $2\frac{1}{2}$ per cent. Transit Duty on the manufactured article.

(p) If any such declared material leaves German territory by the land route for the *hinterland*, either in original condition or as manufactured article, it re-enters Chinese territory as Chinese merchandise and will be subject to the same Duties, charges, and taxes as similar merchandise similarly travelling.

GRAF REX,

Minister of Germany.

ROBERT HART,

Inspector General of Customs.

Signed at Peking the 17th April 1907.

No. 4

GERMANY (Schantung Eisenbahn Gesellschaft) AND
CHINA

*Regulations for the Kiaochow-Tsinanfu Railway.*¹—March 21, 1900

His Excellency the Governor of the Province of Shantung Yuan Shih Kai, and His Excellency the Lieutenant General Yin Chang, upon petition of the Governor of Shantung especially delegated by Imperial decree to these negotiations, on the one side, and the Managing Board of the Shantung Railway Company at Tsingtau, represented by Mr. H. Hildebrand, a Royal Inspector of Prussian Railways, on the other side, have in order to prevent excitements and disturbances of any kind in Shantung during the period of building the railway and to maintain friendly relations between the population of this province and the Company agreed upon the following Railway Regulations with regard to the line of railway between the boundaries of the German Leased Territory and Tsinanfu, subject to the approval of the Board of Directors of the Shantung Railway Company in Berlin and reduced to writing in Chinese and German texts of like tenour.

ARTICLE 1. In accordance with Article 4, section 2, of the aforesaid Kiauchow Convention a German-Chinese Railway Company shall be formed, issuing shares to German and Chinese subjects. This Company shall for the present be exclusively under German management. It shall half-yearly notify the Chiao Se Chue at Tsinanfu of the number of shares purchased by Chinese. As soon as the amount of such shares has reached Taels 100,000, the Governor of the Province of Shantung shall delegate a Chinese official for co-operation at the Company's siege.

ART. 2. Should in future branches of the Administration of the Company be established in Shantung, one Chinese official shall be delegated to each one of them.

ART. 3. Officials or respectable citizens shall be consulted upon the location of the railway, in order to take as far as possible into consideration the interests of the population. To avoid difficulties in negotiations, these shall be conducted on the Chinese side by Chinese officials delegated by the Governor of Shantung. The technical determinations of the location of line shall be left to the Company's engineers. A sketch plan of the line's location, done in a scale of 1:25000 shall be submitted to the Governor of Shantung for information and only thereafter land may be purchased. The construction of the railway cannot be begun before the land has actually been purchased.

¹ MACMURRAY, vol. I, p. 236; translation from the German text. (See note to this document, post, p. 32).

The purchase of land shall be done peacefully and quickly as hitherto, so that the construction of the railway be not delayed by purchasing land or by difficulties arising from disputes with individual owners. To avoid all such difficulties the above mentioned Chinese official shall act as mediator when land is purchased and shall settle all disputes eventually arising. The land shall be purchased in an honest way according to the locally customary ruling price.

The Company shall not be allowed to buy more land than necessary for the railway enterprise, and future extensions thereof.

Meanwhile the following minima may be purchased:

for stopping points	a plot of land 630 m. long & 70 m. wide
" country stations	" " " " 730 m. " & 100 m. "
" small town stations	" " " " 850 m. " & 130 m. "
" stations of larger towns	the plots of land have to be larger, corresponding to the actual importance of the place in question.

The land necessary for the supply of earth to construct embankments is not included in the foregoing areas. 1 m. is equal to 2 feet 9.6 inches, 1 foot is equal to 0.338 m.

ART. 4. Wherever water-courses are met, sufficient flow has to be provided for by building bridges and culverts so that agriculture may suffer no damage.

ART. 5. The railroad is to be located in such a way as not to damage or cut through city walls, fortifications, public edifices and important inhabited places.

ART. 6. Houses, farmsteads and villages, temples, graves and above all high class graveyards belonging to the gentry which are fenced in and planted with trees shall be avoided by the railway as far as possible. So far as this is impossible the local authorities shall give notice to the owners two months beforehand and settle with them a compensation of an amount enabling to erect graveyards, etc., of the same condition at another place without sustaining any loss of money.

ART. 7. In surveying the land to be purchased the "*kung*" shall be used as unit. One *kung* is equal to 5 official feet, one foot is equal to 0.338 m. One *Mu* is counted to be 360 *kung* or equal to 9000 square feet.

As to the land tax to be paid by the Shantung Railway Company the same regulations shall be applied as in force for the most favoured Railway Company in any other place of China.

ART. 8. Injuries done to crops during preparatory or construction work are to be made good by the Company according to prices to be settled with the local authorities.

ART. 9. The salaries of the assistants placed by the local authorities at the disposition of the Railway at its wish shall be paid by the latter. These salaries shall not be included in the price of land purchased.

The money for the land is to be paid into the hands of the District Magistrate, who is responsible for the proper payment to the different owners entitled to receive the money.

The District Magistrate also has to hand over the title deeds to the Railway Company.

ART. 10. The Railway Administration intending to rent houses for offices and residences near the work-places shall apply to the District Magistrate who will make the necessary arrangements with the owners and will on its behalf conclude the contracts.

ART. 11. The purchase of material necessary for the construction of the railway shall be transacted in a fair manner and the usual market price shall be paid for same. If necessary the intervention of the District Magistrate shall be applied for.

ART. 12. The exchange of different kinds of money shall always be done at the rate ruling on the day.

ART. 13. The Railway Company is not permitted to construct without special permission of the Governor of Shantung other railroads than those mentioned in the Kiauchou Convention, including the branch line to Pos-hanhsien.

Branch lines connecting coal and other mines and places where building or ballasting materials are to be taken, connecting with the main line, may be built without special authorization. It is, however, understood that previous notice of the construction of such lines has to be given to the Governor of Shantung.

ART. 14. Foreigners, travelling or doing business in the interior of the Province of Shantung, in order to enjoy better protection, must be provided with passports duly sealed by the proper Chinese and German authorities. Chinese local authorities cannot assume responsibility if such a passport is not produced.

ART. 15. German and Chinese employees of the Railway Company are to be provided with certificates attested by the seals of the Railway Administration and of the Local Authorities, in order, when necessary, to prove their official capacity.

The engineers, when surveying, shall be accompanied by an official, delegated by the District Magistrate. This official shall, if necessary by police force, render assistance in protecting the property of the Railway Company and the survey poles.

Persons fraudulently pretending to be employees of the Railway Company shall be arrested and punished by the Local Authorities.

ART. 16. Troops, eventually necessary for the protection of the railway will be stationed by the Governor of the Province of Shantung. Therefore outside the 100-*li* zone no foreign troops shall be employed for this purpose.

The Governor of the Province of Shantung binds himself to take effective measures during the period of surveying as well as when the railway is under construction or opened for traffic to prevent any damage being done to it by the mob or by rebels.

ART. 17. Development of trade and communications being the only purpose of the railway, no transport of foreign troops and their war materials shall be allowed on it.

The Railway Administration however is not to be held responsible for such transport when brought into a position of constraint by war or similar circumstances. On the other hand the Governor of the Province of Shantung will not be responsible for the protection of sections of the railway being in the hands of the enemy.

The conditions of this article are not to be applied to the section of the railway within the 100-*li* zone.

ART. 18. Freightage for foodstuffs and clothing to be distributed amongst the distressed during famines and floods, shall be reduced according to the rules adopted by the railways of Germany and when troops are dispatched to suppress rebellions the same is to be applied to the fares for soldiers and to the freightages for their war materials.

ART. 19. At railway stations, where custom-houses are established the Railway Administration shall make such arrangements as to assist the Imperial Chinese Customs in collecting the legal dues.

The expenses for the necessary buildings, to be erected upon application of the Customs Administration are to be refunded by the latter to the Railway Administration according to agreements always to be made beforehand.

ART. 20. The natives of towns and villages near the railway shall be as far as possible engaged as workmen and as contractors for the supply of materials.

ART. 21. Chinese subjects employed outside the leased territory by the Railway Company in case of contravention of Chinese law are subject to the jurisdiction of the competent District Magistrate.

The competent District Magistrate having officially notified the necessity of legal steps against such employees, the Railway Company shall not do anything by which he may evade justice.

Complaints against foreigners are to be dealt with according to the proper laws. In such cases, the Railway Company on its part shall make an investigation and take disciplinary proceedings against the offender.

ART. 22. The natives of districts, where the railway passes through shall as far as possible be employed at the work and shall be paid for as customary there.

If fights should occur between railway men and natives the local official will have the right to arrest and punish the guilty.

The workmen of the railway are absolutely prohibited unwarrantably to enter houses of natives. In case of contravention they will be severely punished.

ART. 23. The construction of the railway being completed, foremen and workmen necessary for maintenance and safekeeping of the line are as far as practicable to be engaged from amongst the inhabitants of villages and towns near the line in conformity with suggestions made by the elders of these places. These elders will be responsible for the good behaviour of those engaged and will furnish them with certificates issued by the District Magistrate.

ART. 24. The railway being opened to public traffic, its administration assumes the responsibility for any loss of life or goods caused by accidents and is liable to pay compensation to wounded or killed persons according to the local custom, and to cover any loss of goods according to detailed regulations to be drawn up by and published by the Company.

Likewise the Railway will be held responsible for damage to persons and property by construction trains through its neglect.

ART. 25. The safety on the line being endangered by floods, slips of embankments or breakages of bridges, etc., public traffic shall not be reopened before all these difficulties have been removed.

ART. 26. Should the Railway Company apply for soldiers to protect the preparatory work, the construction or the traffic of the railway, the Governor of the Province of Shantung shall at once and effectually comply with such application. The amount to be contributed by the Company for the troops dispatched shall be the subject of a further understanding.

ART. 27. In the German leased territory the rights of sovereignty are safeguarded by the Governor of Tsingtau. In the districts of the remaining part of the Province of Shantung through which the railway is running, the rights of sovereignty are safeguarded by the Governor of the Province of Shantung.

ART. 28. It shall be the subject of further agreements when and under what conditions the Chinese Government may in future take over the railway.

The foregoing regulations after being approved shall be notified to the Authorities of the Shantung Province and to the officials of the railway. Thereupon they shall be duly observed.

Should it in future be deemed necessary to have alterations made of some of the above regulations or to have drawn up supplementary rules,

this can only be done by mutual agreement between the then Governor of the Province of Shantung and the Shantung Railway Company.

This agreement is executed in two exemplars each of which contains a Chinese as well as a German version of like tenour. Each of the contracting parties has received one exemplar.

TSINANFU, *the 21st of March 1900.*

The Governor of the Province of Shantung
[Seal and signature of GOVERNOR YUAN SHIH KAI]

H. I. M.'s Special Delegate, Lieut. General,
[sig.] YIN CHANG.

Die Betriebsdirection der Schantung-Eisenbahn-Gesellschaft,
[sig.] H. HILDEBRAND.

Note

In connection with these regulations, see the convention for the lease of Kiaochow, March 6, 1898 (No. 1, *ante*); and the exchange of notes between Germany and China in regard to the extension of the Shantung Railway, December 31, 1913 (No. 7, *post*).

The Schantung Eisenbahn Gesellschaft was a joint German and Chinese enterprise operating under a German charter or "concession" dated June 1, 1899, of which the following translation is given in ROCKHILL, p. 363:

Charter of Schantung Eisenbahn Gesellschaft.—June 1, 1899

"In response to a request made by the Deutsch-Asiatische Bank (German-Asiatic Bank), representing the Syndicate, formed for the establishment of a German-Chinese Company with the title of 'Schantung-Eisenbahn-Gesellschaft' (Shantung Railway Company), the Imperial Government agrees to grant to said company a concession for the construction and operation of a railway in the Chinese Province of Shantung, from Tsin-tao via Weihsien to Tsinan Fu with a branch line, starting from a point on the main line, to Poshan, according to the provisions of the German-Chinese Treaty of March 6, 1898, and under the following conditions:

"§ 1.—The construction and maintenance of the railway shall be proceeded with by a German-Chinese Company, to be organized by the Syndicate upon the basis of the contract hereto attached.

"This company will have its domicile at first in Berlin but will nevertheless remove the same to Tsin-tao within six months from the date of the granting of the concession.

"§ 2.—The capital for the construction and operation of the railway is fixed at 54 Million Marks.

"Care is to be taken that Germans as well as Chinese may participate in the public subscription to the stock of the Company. More especially, shall subscriptions be opened in the suitable commercial centers of East Asia, and the amounts there subscribed shall receive proper consideration.

"§ 3.—The management of the railway shall be domiciled at Tsin-tao. The election of the President of the Board of Directors as well as the Chief Operating Official must be approved by the Imperial Government.

"§ 4.—The following regulations govern the construction of the railway:

"I.—In the building of the railway lines the special preparatory work shall determine the best possible connection with the most important coal fields, more especially with those of Weihsien and Tzechuan as well as the chief cities and towns between Tsin-tao and Tsinan Fu, which, on account of their population or other significance, must be considered in their relation to railway traffic.

"In the construction of the railway station at Tsinan Fu consideration is to be given to the connection with the Hoang ho and the continuation of the railway on the

cne side to the southern boundary of the Province of Shantung in the direction of Kiau-chou (Chinkiang), on the other side following the North Boundary of the same Province in the direction of Tientsin and Cheng-ting.

"The Company must obtain from the Imperial Government permission to carry out the railway line, in accordance herewith, in the territory of Kiau-chou, outside this territory the permission of the Imperial Minister in Peking is to be obtained.

"The lines may be built for single track; however sufficient land for the construction of a double track must be provided.

"The gauge shall measure 1.435 meter.

"II.—German material shall be used, as far as possible, in the construction of the railways.

"III.—The completion and opening of the main line from Tsin-tao to Tsinan Fu, and of the branch line to Poshan must follow within a period of 5 years, dating from the grant of the concession, and that of the railway section from Tsin-tao to Wei-hsien within a period of 3 years. Should the Company be prevented from the fulfilment of these obligations by force major, the fixed periods shall be respectively extended.

"§ 5.—The following stipulations shall obtain for the operation of the railways:

"I.—The Governor of Kiau-chou is to be notified of the proposed opening of the railway on any one section at least three days in advance of the time set.

"II.—The railway is to be equipped in due time with rolling stock according to the requirements of traffic. The material used shall be, as far as possible, of German origin.

"The Company binds itself to permanently maintain the railways, buildings, workshops and rolling stock, including the telegraph plants, in good order and condition, in order that transportation may be made with security and according to the stipulations of the present contract. The company shall be held responsible therefor by the Imperial Government, but no stricter regulations shall be issued for railways outside of the Protectorate than those in force on the majority of the railways in China, built and operated under similar circumstances. The railway police regulations applicable within the Protectorate shall be in force along the line of railroad operation.

"III.—The number of trains to be despatched is left to the discretion of the company, but it must meet the necessities of traffic as far as possible. The establishment of a schedule and changes therein are subject to the approval of the Governor of Kiau-chou, with the understanding that no greater obligations shall be required of the company than in the case of the majority of other railways built and operated under similar circumstances in China.

"The time table is to be made public in due time.

"IV.—The fixing of the tariff for transporting passengers and freight on every railway section is left to the discretion of the company for the first ten years, beginning on January 1st following the opening of the railway, but the maximum rates for the transportation of coal, to be fixed by the Imperial Government after consultation with the company, may not be exceeded. Subsequent to this time, that is after the expiration of the ten years specified above, it is optional with the Imperial Government to fix the maximum rates for the various classes of passengers and goods every five years: within these limits the company shall be at liberty to fix the charges of transportation. All maximum rates to be fixed by the Imperial Government shall, however, not be lower than the maximum rates of the majority of railways built and operated under similar circumstances in China.

"Rates for transportation as well as changes therein must be made known to the Governor before adoption, and shall be published in due course. Increased rates, should they not be approved by the Governor, shall come into force three months after publication only.

"V.—Use of the railway is to be granted to everybody under similar conditions. Especially the rates fixed for transportation are to apply equally to all persons or goods of the same class. Facilities of transportation which under fulfillment of the same conditions do not benefit everybody are inadmissible. Exceptional tariffs require the approval of the Governor of Kiau-chou.

"Upon demand of the Imperial Government the Company is obliged to allow other contractors to connect with the railway by means of private connecting tracks or junction railways, upon refunding to the Company the expenses incurred thereby, should the Company itself not build connecting tracks or junction railways within a reasonable time. The Company is further obliged to undertake the operation of the private connecting tracks and furnish the necessary means of transportation, for which it is to re-

ceive suitable compensation, and further, for a likewise reasonable compensation, to allow the passage of the necessary transportation material of the junction railways.

"§ 6.—Should the Company culpably offend against one of the obligations imposed upon it by this document and not comply in due time with the injunction given by the Imperial Government to make good the offense, the Imperial Government may hold the company responsible for the losses accruing to the traffic through its fault, in an adequate sum of money.

"Whether there has been a culpable offense on the part of the company, and whether in consequence of such offense the order of the Imperial Government has not been properly complied with, and what amount shall be paid for accrued damages, shall be finally determined by a Court of Arbitration to be formed as provided for in Section 7.

"All moneys hereafter to be paid by the Company shall be paid into the Treasury of the Imperial Government of Kiau-chou.

"Should a culpable action of the Company relative to one of the imposed obligations contained in this document result in the railway section not being constructed or operated in due course, the Imperial Government is authorized to take over itself, or to cause to be taken over by a third party, the construction or extension of the railway and the organization or continuation of the traffic, all at the expense of the Company. The question as to whether such a culpable action on the part of the Company exists is also to be finally decided by the Court of Arbitration to be formed according to paragraph 7 of this document.

"§ 7.—The Court of Arbitration, provided for in Article 6, shall be formed in such manner that each party appoints two arbitrators and these shall elect an umpire. The Imperial Government will name its arbitrators to the Company and, at the same time, request the Company to appoint their arbitrators within four weeks, counting from the day of the handing in of the summons, and to name them to the Imperial Government. If the Company does not comply with this summons in due time, the Imperial Government will also elect the necessary arbitrators. The umpire is elected by a majority vote. In the case of a tie the umpire will be appointed by the President of the Hanseatic Upper District Court. The regulations of the Tenth Book of the Civil Process, unless otherwise stated in this document, shall hold good for the arbitration proceedings.

"§ 8.—During the life of the concession, conveyed in this document, the Imperial Government will not grant to any other contractor the right to construct a railway section, running parallel in the same direction with the concessionary lines to the same points, or touching at several of their principal places.

"§ 9.—The Imperial Government of Kiau-chou shall cede to the Company such land in the Protectorate necessary for the construction of the railway, provided it is property of the Government and, according to the declaration of the Governor, not indispensable for Government purposes, upon payment of the price prevailing in the locality, but which shall not exceed 125,000 marks. The Imperial Authorities will, as far as possible, assist the Company at their request to acquire more land if necessary, should it lie in the Protectorate or in the Province of Shantung.

"§ 10.—The Imperial Government will grant to the Company, upon their request, the concession for the construction and operation of the railways from Tsinan Fu to I-chou Fu and from Tsin-tao to I-chou Fu, under conditions corresponding to those contained in this document.

"As regards these railways, the company is free to await the end of the year 1908 before presenting this request. The concessions not solicited in due time can be otherwise granted by the Imperial Government.

"§ 11.—The Company shall pay a contribution from the yearly net profits of the railway to be applied to the expenditures of the Government for the harbor works in the Bay of Kiau-chou and also to the general running expenses of the Protectorate, which contribution is to be estimated as follows:

"If after the opening of the traffic of the railway from Tsin-tao to Tsinan Fu, the net earnings of the railway would permit the payment of a yearly dividend of more than 5 per cent of the paid up capital which is used in operating the railway, there shall be paid into the Government funds of Kiau-chou the twentieth part of any surplus over 5 to 7 per cent, the tenth part of any surplus over 7 to 8 per cent, the fifth part of any surplus over 8 to 10 per cent, the third part of any surplus over 10 to 12 per cent, and the half of any surplus over 12 per cent.

"§ 12.—The Imperial Government reserves the right to purchase the railways to be constructed by the Company in accordance with this concession, after the end of sixty years, calculated from the date of the grant of the concession. The Imperial Government further reserves the right to buy at the end of every five years, including a one year's previous notice, all establishments, rolling stock, appurtenances, inclusive of the reserve and renewal funds earned by the railway enterprise, upon payment of twenty-five times the amount of the average dividends paid during the last five years from its earnings, or, at least, however, the commercial value of the actual existing railway plants, workshops and rolling stock. In case there should be any doubt in ascertaining the value, a Court of Arbitration, formed according to Article 7, shall decide. Should no sum obtain the majority of the votes cast the one nearest the average of sums named by the individual arbitrators shall be accepted. The decision of the Court is final.

"§ 13.—The transfer, in whole or in part of the concession granted to the Company, according to this document, the rights and obligations appertaining to it in exercise of the same, under maintenance of its concessionary character, as well as any alteration in the contract, must, to become valid, have the approval of the Imperial Government.

"The transfer of the concession itself or parts thereof to another Company, not German or German-Chinese, is prohibited.

"§ 14.—The Imperial Government reserves the right of appointing a commissioner according to Article II of the second part of the German-Chinese Treaty of March 6, 1898.

"§ 15.—A copy of this concession document will be delivered to the Company as soon as the Company is regularly formed by the Syndicate.

"§ 16.—The charges for all expenses incurred in this document, especially the stamp duties, shall be borne by the Company.

"BADEN-BADEN, June 1, 1899.

"(Signed) IMPERIAL CHANCELLOR."
"Prince zu Hohenlohe-Schillingsfürst."

By a Decree of the German Imperial Chancellor, dated March 13, 1913, the scope of the railway enterprise was extended to include the exploitation of the mines of the Schantung Bergbau Gesellschaft (No. 5, *post*); the increase of the share capital to 60,000,000 marks was approved; and the adoption of the following Rules (dated February 12, 1913) was sanctioned:

Rules of the Shantung Railway Company.—February 12, 1913

"I. GENERAL STIPULATIONS

"Par. 1.—By virtue of the preceding Concession of the 1st June, 1899, granted by the Imperial German Government an 'Actiengesellschaft' has been formed under the style of 'Schantung Eisenbahn Gesellschaft' which has its siege in Tsingtau; the Company shall be under the laws and jurisdiction of the Court of Tsingtau for all affairs except those between the Company and its shareholders and/or the Company and its executive bodies arising from their Company-relations. For such cases the Company shall be subject to the jurisdiction of the competent Courts in Berlin.

"The duration of the Company is not limited to a fixed time.

"Par. 2.—The object of the enterprise is the exploitation of the concession mentioned in Par. 1 by constructing and operating a railway from Tsingtau to Tsinanfu including a branch line from Changtien to Poshanhsien as well as the exploitation of the concession dated 1st June, 1899, for mining in the Chinese Province of Shantung granted to the Schantung Bergbau Gesellschaft and transferred to the Shantung Eisenbahn Gesellschaft.

"Par. 3.—With sanction of the Imperial German Government this Company shall be authorized:

- 1) to build, equip and run other railways in China,
- 2) to undertake the running of other railways established in East Asia and to acquire such as property,
- 3) to intrust a third party with the running of its own railways,
- 4) to enter into agreements with the administrations of other connecting lines of railroads operating or in course of construction, about mutual utilization of their lines or to participate in any other way in other railway enterprises of East Asia,

- 5) to erect on its stations or in connection therewith the necessary warehouses for storage of goods and to issue warrants for the goods taken in charge as well as to provide for the forwarding of persons and of goods to and from the stations.
- 6) to produce and turn to profit also outside the district covered by the concession of the Schantung Bergbau Gesellschaft, both within and without the Province of Schantung, products of the country and minerals, to establish and to acquire whatever plants may be necessary for this purpose and to operate these and other establishments which may promote the interests of the Company, or to participate therein,
- 7) to set up branch establishments.

"Par. 4.—The notices of the Company appear with legal validity by publishing them in the 'Deutscher Reichsanzeiger.'

"II. ORIGINAL CAPITAL, SHARES, DEBENTURES.

"Par. 5.—The original capital of the Company amounts to 60 million Marks divided into 60,000 bearer shares of a nominal value of M. 1,000 each. [Note: (not in translated text) Amended to read: 70 million and 70,000, respectively, by resolution of 5th June, 1914.]

"Annexed to each of these shares are dividend-coupons covering ten years and renewal slips. The renewal slips empower a new issue of dividend-coupons for ten years and a new renewal slip to the same effect.

"Shares or interim certificates, if any, shall be executed by signatures, or facsimiles, of the Board of Directors and of the president of the Supervisory Committee or his substitute (vice-president). For the rest the forms of shares, interim certificates, dividend-coupons and renewal slips are to be decided on by the Supervisory Committee.

"The original subscribers who have floated the railway enterprise with a foundation capital of 54 millions of Marks have received a bonus share on each share subscribed by them, the privileges of these bonus shares are laid down in Par. 20, 26 & 30.

"The General Meeting may with the consent of the Imperial German Government resolve on an increase of the share capital and on issuing the new shares at an agio above their nominal value. New shares shall be issued to bearer provided not otherwise resolved. The nominal value of shares and the minimum value below which the issue of shares shall not take place are to be stipulated by the General Meeting.

"Par. 6.—In case shares, interim certificates, dividend-coupons and renewal slips have by damage or defacement become unsuitable for circulation but their essential content and distinctive marks are still recognizable with certainty, the entitled holder may demand of the Company to execute and deliver to him in exchange for the damaged or defaced document a new one. He has to pay in advance all expenses incurred thereby.

"In case shares, debentures, bonus shares or interim certificates are lost or have been destroyed they may be declared invalid by the legal proceeding of public notice. The costs of such proceedings as well as the cost of executing new documents and all expenses incurred thereby are not to be borne by the Company but by the concerned, who has to advance the costs.

"Dividend-coupons and renewal slips need not be declared invalid. Dividend-coupons belonging to shares or interim certificates declared invalid, and not yet due at the time of such declaration, are also invalid.

"Matured dividend-coupons become invalid in favor of the Company's accounts unless collected within four years, counted from the 31st December following the date on which they have become due.

"To anyone, however, who gives notice to the Board of Directors of the loss of coupons before expiry of said term, proving their former possession by production of the shares or interim certificates or otherwise in a reliable manner the amounts due on such coupons, given notice of and not yet presented up to the expiration of the said term, shall be paid against receipt.

"When the owner of a share or interim certificate, before issue of new coupons has taken place has filed a protest against their delivery to the owner of the renewal slip such coupons shall not be handed to the renewal slipholder but to the owner of the principal document on production of such document by him.

"Par. 7.—By subscription for or purchase of shares, bonus shares or interim certificates the shareholder subjects himself to the competent Courts of Berlin in respect of all controversies with the Company arising out of Company relations.

"Par. 8.—With the consent of the Imperial German Government the Company shall be authorized to issue debentures.

"III. ADMINISTRATION

"a) Board of Directors

"Par. 9.—The Board consists of two or more Directors appointed by the Supervisory Committee, this Committee is also authorized to appoint Acting-Directors (substitutes for the Directors). These appointments shall be recorded notariaily or judicially and must be published. The Chairman of the Board must be approved by the Imperial German Government.

"The Board may appoint procurists only with the approval of the Supervisory Committee. The Supervisory Committee divides the business among the members of the Board, and fixes their mutual relations as well as the rules for their consultations in common and their resolutions.

"Par. 10.—All documents and declarations of the Board are binding on the Company if they are signed with the written, stamped or printed name of the Company and countersigned by at least two members of the Board or by one member of the Board and one procurist with an addition showing that he signs as such.

"b) Supervisory Committee

"Par. 11.—The Supervisory Committee consists of at least 12, at most 30 members to be elected by the General Meeting. At least 5 members shall reside in Berlin and including these at least three quarters of all the members at the time shall be German subjects, residing in the German Empire.

"The election holds good up to the end of that General Meeting which passes upon the Balance Sheet of the fourth business year after the election, not counting the business year during which the election takes place.

"At each ordinary General Meeting at least 5 and besides so many members of the Supervisory Committee shall retire as that the term of office for each individual member will be finished at latest by the end of the fifth ordinary Meeting after his election. The succession of resignations is decided by the seniority of the members and in case of doubt by lots.

"As long as the number of the members of the Supervisory Committee still remains 12 or more, a new election or by-election may be omitted.

"All declarations of the Supervisory Committee are legally executed if they are done under the style 'Der Aufsichtsrat der Schantung Eisenbahn Gesellschaft' with the signature of the president or his substitute (vice-president) and of a member of the Committee.

"Par. 12.—The members of the Committee draw no salaries but they receive reimbursement of the outlays arising out of the execution of their duties and a compensation according to Par. 26 of these rules. The distribution thereof shall follow the detailed regulations of a standing-order to be established by the Supervisory Committee.

"Par. 13. The Supervisory Committee elects a president and a vice-president (substitute) immediately after each ordinary General Meeting in a session at which the members present meet without being specially called. The president shall be a German subject residing in Berlin.

"Par. 14.—The president or his substitute (vice-president) shall convene the Committee as often as business requires or when moved by at least three of its members or by the Board of Directors. In convening the meeting the agenda are as far as possible to be stated. Five members form a quorum. On matters not enumerated in the agenda the Committee can only give a valid decision if at least half of its members are present and none of them objects. In urgent cases valid resolutions may be passed by the medium of writing, telegraph or telephone.

"All members of the Supervisory Committee have equal votes. Resolutions shall be passed by majority of votes, votes being equal the president to have a casting vote.

"If at an election by the Supervisory Committee no majority of votes is obtained in the first ballot, a second ballot shall take place for those two persons who have received the highest number of votes. If each then obtains an even number of votes, lots will be drawn for decision.

"Par. 15.—The Supervisory Committee resolves its own standing orders regulating therein as well, whether and how votes have to be taken of Committee members residing outside Germany.

"Par. 16.—Beyond the powers given to the Supervisory Committee by law and elsewhere in these rules the Committee shall especially be authorized:

- 1) to engage and dismiss Directors,

- 2) to approve of the annual budget of salaries to be submitted by the Board of Directors and to confirm the selection of officials receiving annual salaries of M 10,000 and more or to be engaged for a longer term than three years, as well as to grant extraordinary remunerations, bonuses and pensions to the members of the Board of Directors and the Company's officials,
- 3) to determine the instructions for the management,
- 4) to appoint attorneys for a special business or for a class of business affairs (managers, &c.) as well as to appoint either members from their midst or third persons to substitute Directors,
- 5) to resolve on the acquisition and the sale of land properties destined for the Company's own business use,
- 6) to decide on the annual general condition of income and expenditure to be submitted by the Board of Directors and to fix the principles according to which the money of the Company is to be handled,
- 7) to approve contracts, if their object exceeds M 30,000 or if the Company is bound thereby for a longer term than three years.
- 8) to deliberate on matters provided for in Par. 2, sections 1-7, and to decide thereon in so far as an increase of original capital or the taking up of loans is not required,
- 9) to establish the Balance Sheet and the Profit and Loss Account for the purpose of being submitted to the General Meeting,
- 10) to submit to the General Meeting the financial statements in order to be discharged and to propose the amounts to go out of the profits to Special Reserve Fund as well as those for division of profits,
- 11) to resolve upon payments to be called for on shares,
- 12) to dispose of the Special Reserve Fund according to Par. 28,
- 13) to appoint one or more special committees from among the members of the Committee and to transfer special business affairs or classes of such to these special committees.

"The election of the Chief Technical Managers as well for the Railway as for the Mines requires the confirmation of the Imperial German Government.

"c) General Meeting

"Par. 17.—Every shareholder may take part in the General Meetings. In order to be authorized to vote at these Meetings the shareholders must at least three days before the General Meeting and, should that day be a Sunday or a public holiday on the preceding working day, at the office of the Company's cashier or at such other places as may be indicated and advertised publicly:

- a) hand in a list in duplicate, showing the numbers arithmetically arranged of the shares intended for participation.
- b) deposit such shares or warrants therefor issued by the 'Reichsbank' or by the 'Bank des Berliner Kassenvereins' and leave them there up to the end of the General Meeting.

"The obligation b) can as well be complied with by a deposit with a German notary.

"Each share entitles to one vote. Saving legal representation, a proxy in writing is necessary and to be handed in to represent shareholders at a General Meeting. Partnerships, commandite companies and companies limited by shares, syndicates and companies limited by subscription as well as associations and juristic persons by public law may be represented by a member of their legal representative bodies or by an agent authorized to sign per procuration, even if otherwise for the binding of the represented body the joint action of several is required.

"Par. 18.—General Meetings shall be held in Berlin and be convened without prejudice to the regulations contained in Par. 254 of the Commercial Code by the Board of Directors or the Supervisory Committee through a notice given so that there are at least thirty days between the date of issue of the 'Reichsanzeiger' containing the publication and the date the meeting is to be convened, both dates not included.

"Within the first six months of every business year an ordinary General Meeting shall be held, an extraordinary Meeting is to be convened whenever there is a special cause therefor.

"The agenda to be before the Meeting shall be published at the time the notice appears convening the Meeting. The General Meeting may however pass valid resolu-

tions if the motion thereto has been published at least one week before the end of the term set for the deposit of shares. Should however the resolution require a larger than a simple majority of votes, publication of such motion must have taken place at least two weeks before the expiration of the date set for deposit of shares.

"Par. 19.—Except in cases, in which the Company must liquidate by order of law, the liquidation or dissolution of the Company, furthermore the reorganization of the Company by expansion or alteration of the object of its enterprise or its amalgamation with another 'Aktiengesellschaft' can only be decided on in an extraordinary General Meeting convened solely for the purpose of passing such resolutions.

"To make such resolutions legally valid, it is necessary that at least three quarters of the original share capital is represented in the Meeting. If this is not the case, another extraordinary General Meeting can be called for the same purpose within the next six weeks, in which the resolution can be passed with legal validity even if less than three quarters of original share capital are represented.

"In both cases it is further necessary for the validity of the resolution that such is passed by a majority of at least three quarters of the votes represented in the Meeting and that it is approved of by the Imperial German Government.

"Par. 20.—Alterations and additions to the rules, excepting the cases mentioned in Par. 19 and those cases in which a three quarters majority is prescribed by law can only be passed by a majority of at least two thirds of the votes represented in the voting and with the consent of the Imperial German Government.

"The redeeming of bonus shares (Par. 5) requires an alteration of the rules. All holders of bonus shares are subject to an agreement as to their redemption, if such agreement is approved by at least two thirds of the votes represented in the voting at a meeting of bonus-share-holders, to be convened by a notice (Par. 4) stating the business before the meeting. In this meeting each bonus share shall entitle to one vote, the further proceedings at the meeting are to be decided on by the Supervisory Committee.

"Par. 21.—At the General Meeting the president of the Supervisory Committee or his substitute (vice-president) or in their absence a member of the Supervisory Committee appointed thereto by the Committee shall take the chair. In case of none of the Committee members being appointed the Chairman shall be elected by the General Meeting under the presidency of the shareholder having registered the largest number of shares. The Chairman conducts the discussion, fixes the succession of the items on the agenda as well as the modus of taking votes and appoints the scrutineers when necessary.

"The minutes of the General Meeting shall be written by a notary and shall be signed by the Chairman. A statement of the individual shareholders present in the meeting shall not be embodied into the text of the minutes, but a separate list, signed by the Chairman, giving names of shareholders present and/or represented shall be attached to the minutes, this list to be present for general inspection before the first voting of the Meeting takes place. Proxies handed in need not be attached to the minutes.

"Par. 22.—Resolutions of the General Meeting shall be passed, provided the law or these rules (Par. 19 & 20) do not compulsorily order otherwise, by simple majority of votes taken at the voting, in case of votes being even the resolution shall be considered lost.

"If at elections objection is raised against any other modus proposed, the voting has to be effected by handing in ballot-papers and by simple majority. Such majority not being attained at the first voting, a ballot limited to those who have received the two highest numbers of votes shall take place. When votes are even at the limited ballot, decision shall be by lot.

"Par. 23.—As a rule the General Meeting only votes on such proposals as are laid before it by the Board of Directors or by the Supervisory Committee.

"Motions brought forward by individual shareholders shall be dealt with according to the regulations fixed by law.

"IV. BALANCE SHEET, ASCERTAINING PROFITS

"Reserve Fund

"Par. 24.—The business year begins with the 1st of January and ends with the 31st December of every year.

"Par. 25.—The annual financial statement shall be drawn as for the 31st December in accordance with legal regulations and sound commercial principles, it shall be presented to the General Meeting within the first six months of the following year.

"Net profits shall be understood as profits in hand after deducting such amounts as the Supervisory Committee annually resolves on as contribution towards the Renovation Fund. This Fund is to bear mainly the costs incurred in renewing locomotives, tenders and rolling stock respectively single parts thereof as fireboxes, boilers, cylinders, boilertubes, springs, axles, wheels, steel tyres, brakes, watertanks, bodies of carriages and compartments as well as in renewing rails, sleepers, siding, crossings and small iron parts of the permanent way. On the other hand this Fund is to be credited, in addition to the annual contribution, with the proceeds of sale of the corresponding old material as well as the interest of the Fund itself.

"Par. 26.—Out of the net profit thus resulting is:

- 1) 5% to be transferred to the Reserve Fund (Par. 27) required by law, so long as this Fund does not exceed the tenth part of the original capital,
- 2) an amount not exceeding 5% according to the proposal of the Supervisory Committee to be transferred to the Special Reserve Fund to be formed,
- 3) a dividend up to 5% on the share capital paid up to be granted.

Of the balance remaining:

33⅓% shall go to bonus-share-holders,

66⅔% shall go as superdividend on the share capital paid up, after however having first deducted:

5% for the Supervisory Committee and

the contribution to the Government as provided for in Par. 11 of the instrument of concession, dated 1st June, 1899.

"The compensation due to the Supervisory Committee is guaranteed at M 2,000 annually for each member and with any possible deficit shall be reckoned in the costs of administration.

"All dividends as well as the contribution to the Government are to be paid at latest in the course of July of the year following the business year accounted for.

"Par. 27.—Agio profits, i. e. what shareholders in case of increase of share capital will have to pay for shares above the nominal value of such new shares, after having deducted therefrom all costs of issue shall be placed to the Reserve Fund. (Cf. Par. 26, section 1). This Reserve Fund is solely intended for the purpose of covering a saldo of loss shown by the balance sheet.

"Par. 28.—From the Special Reserve Fund formed according to Par. 26, section 2, extraordinary losses and expenses, especially for renovations may be met by resolution of the Supervisory Committee.

"V. NOMINATION OF CHANCELLOR'S COMMISSIONERS

"Par. 29.—The Imperial Chancellor may nominate one or more Commissioners entitled to take part in the meetings of the Supervisory Committee and in the General Meetings and to demand at any time a report from the Supervisory Committee on the affairs of the Company also to inspect the books and documents of the Company.

"VI. LIQUIDATION

"Par. 30.—The regulations provided by law in case of liquidation shall only apply in so far as the General Meeting deciding on the liquidation does not resolve otherwise. This Meeting shall particularly be authorized to alter for the time of liquidation the powers of the Supervisory Committee, to resolve that during liquidation no regular retiring of members of the Committee shall take place and to stipulate the bonus to be paid to the Supervisory Committee as well as the authority to be given to the liquidators. The holders of bonus shares shall be entitled to 33⅓% of the surplus remaining after paying off all liabilities including the original capital."

No. 5

GERMANY (Schantung Bergbau Gesellschaft) AND
CHINA*Regulations for Mining in Shantung.*¹—March 21, 1900

His Excellency the Governor of the Province of Shantung Yuan Shih-kai and His Excellency the Lieutenant General Yin Chang, upon petition of the Governor of Shantung especially delegated by Imperial decree to these negotiations, on the one side, and the managing Board of the Shantung Mining Company at Tsingtau, represented by Messrs. H. Michaelis and K. Schmidt, on the other side, have, in order to prevent excitements and disturbances of any kind, which may arise through the commencement of mining operations by the Schantung Bergbau Gesellschaft in the Province of Shantung and in order to maintain friendly relations between its population and the Company, agreed upon the following Mining Regulations with regard to the mining concession reserved and granted to German subjects by the Imperial Chinese Government within a zone of 30 *li* on both sides of the railway lines to be built in conformity with Article 4 of the Kiauchow Convention, subject to the approval of the Supervisory Committee of the Schantung Bergbau Gesellschaft, and reduced to writing in Chinese and German texts of like tenour.

ARTICLE 1. By virtue of Article 4, section 2, of the aforesaid Kiauchow Convention a German-Chinese Company shall be formed, according to the rules of this Company shares shall be issued which may be purchased by German as well as by Chinese subjects. This Company shall for the present be exclusively under German management, it shall half-yearly notify the Chiao Se Chue at Tsinanfu how many shares have been purchased by Chinese. As soon as the amount of such shares has reached Taels 100,000 the Governor of the Province of Shantung shall to look after the interest of the Chinese shareholders, appoint a Chinese official to co-operate at the Company's siege.

¹ MACMURRAY, vol. I, p. 248, translation from German text.

A Japanese version of the regulations is printed in *Shina Kankei Tokushu Joyaku Isan*, p. 423.

In connection with these regulations, see the convention for the lease of Kiaochow, March 6, 1898 (No. 1, *ante*), particularly Section II, Article IV; also regulations for the Kiaochow-Tsinan Railway, March 21, 1900 (No. 4, *ante*), and particularly the rules of February 12, 1913, annexed thereto at p. 35.

Another translation of this agreement is printed (at p. 37) in the *Claim of China for direct Restitution to herself of the Leased Territory of Kiaochow, the Tsingtao-Chinan Railway and other German Rights in respect of Shantung Province*, as presented by the Chinese delegation to the Preliminary Peace Conference at Paris in February, 1919.

See Note to this document, *post*, p. 45.

ART. 2. Should in future branches of the Administration of the Company be established in Shantung one Chinese official shall be delegated to each of them.

ART. 3. Land used for preliminary examinations with regard to the mining enterprises, for boreholes and prospecting shafts, etc., shall be rented by the Company at an adequate compensation provided the Company should not prefer to buy such land. Spoiled crops or other damages shall be fully paid for according to local market prices. The beginning of such operations has to be notified to the local authorities fifteen days in advance in order to enable them to issue instructions to the population.

ART. 4. Officials or respectable citizens shall be consulted upon the lots of lands to be selected for digging shafts, or erecting workshops, depots, houses for workmen, etc., in order to prevent, as far as possible, injury being done to the interest of the people. To avoid difficulties in negotiations, these shall be conducted on the Chinese side by Chinese officials, delegated by the Governor of Shantung.

* The technical determination and selection of the mining fields and of the surface plots needed to erect the buildings of the mining establishments shall be left to the engineers of the Mining Company.

A ground-plan of these establishments done on a scale of 1:25,000 has to be submitted to the Governor of Shantung for information and only thereafter land may be purchased. The construction itself shall not begin before the title deed to such land is duly made out.

Landowners shall not be permitted to protest against subterranean mining works necessary for production of coal or other minerals except at places mentioned in Article 7.

The purchase of land has to be proceeded with peacefully and quickly, there shall be no detention of mining work through land purchase or through difficulties raised by individual owners. In order to prevent all such difficulties the above-mentioned Chinese official shall act as mediator when land is to be purchased and he shall settle all disputes arising. The land shall be purchased in an honest way according to the locally customary ruling price. The Company shall not be allowed to buy more land than necessary for erection of the surface plants including depots, railroads and roads leading to the mines and possible future extensions.

The surface land above subterranean works need not be purchased by the Company.

No compensation shall be paid to the landowner for coal and other minerals raised by the Mining Company.

ART. 5. Houses, farmsteads and villages, temples, graves and above all high class graveyards belonging to the gentry, which are fenced in and planted with trees shall as far as possible not be used for the erection of buildings on surface for mining purposes.

If it should be impossible to prevent the above-mentioned properties from being used the local official shall two months in advance notify the owners and settle with them a compensation of an amount enabling owners to erect graveyards, etc., of the same condition at another place without sustaining any loss of money.

ART. 6. Houses, sheds, shafthouses and depots belonging to the mines shall be so placed as not to disturb city walls, fortifications, public edifices and important inhabited places on the surface.

ART. 7. The Company is not permitted to mine underneath graveyards, temples, parks and palaces belonging to the Imperial Family.

ART. 8. In surveying the land to be purchased the "*kung*" shall be used as unit. 1 *kung* is equal to 5 official feet, 1 foot is equal to 0.338 m. 1 *Mu* is counted to be 360 *kung* or equal to 9,000 square feet. As to the land tax to be paid by the Mining Company the same regulations shall be applied as in force for the most-favoured Mining Company in any other place of China.

ART. 9. The salaries of the assistants placed by the local authorities at the disposition of the Mining Company at its wish shall be paid by the latter. They shall not be included in the price of land purchased. The money for the land is to be paid into the hands of the District Magistrate, who is responsible for the proper payment to the different owners entitled to receive the money. The District Magistrate also has to hand over the title deeds to the Mining Administration.

ART. 10. Should the Mining Administration apply for soldiers to protect the preparatory works and the property of the Company when the mines are in operation, the Governor of the Province of Shantung shall at once and effectually comply with such application. Therefore no foreign troops shall be employed for the protection of mines outside the 100-*li* zone. The amount to be contributed by the Mining Company for troops dispatched for the protection of its property shall be the subject of a further understanding.

ART. 11. The purchase of material necessary for mining purposes shall be transacted in a fair manner and the usual market price shall be paid for same. If necessary the assistance of the District Magistrate shall be applied for.

ART. 12. The Mining Administration intending to rent houses for offices and residences near the workplaces, shall apply to the District Magistrate who will make the necessary arrangements with the owners and will on its behalf conclude the contracts.

ART. 13. The natives of districts where mines are established shall as far as possible be engaged as workmen and as contractors for the supply of materials, they shall be paid as customary in these districts.

If fights should occur between miners and natives the local official will have the right to arrest and punish the guilty. Miners are absolutely forbidden unwarrantably to enter the houses of natives. In case of contravention they will be severely punished.

ART. 14. The Mining Company assumes the responsibility for any loss of life or goods caused by accidents in the mines and has to pay compensation to wounded or killed persons according to the local custom and to cover any loss of goods according to detailed regulations to be made and published by the Company.

Likewise the Company, when prospecting, will be held responsible for all damages done by neglect of the Company to persons and property.

ART. 15. The Mining Company assumes the full responsibility for damage done to wells, fields, houses and other buildings by operating mines. It has to pay for such damages, if caused by the Company's neglect compensation according to local prices.

Draining off water pumped out from mines is to be done under such precautions, that neighbours and their fields will not suffer any loss. Any such loss has to be made good by the Company.

ART. 16. Foreigners who wish to travel in the interior of the Province of Shantung, in order to enjoy better protection must be provided with passports duly sealed by the proper Chinese and German Authorities. The Chinese local authorities cannot assume any responsibility if such a passport is not produced.

German and Chinese employees of the Mining Company are to be provided with certificates attested by the seals of the Mining Administration and of the Local Authorities, in order, when necessary to prove their official capacity.

When prospecting the engineers shall be accompanied by an official delegated by the District Magistrate. This official shall, if necessary by police-forces, render assistance in protecting the progress of the work. His salary is to be paid by the Mining Company.

Persons fraudulently pretending to be employees of the Mining Company shall be arrested and punished by the Local Authorities.

ART. 17. Outside of the 30-li zone mines cannot be operated without special permission of the Governor of Shantung. Inside of the 30-li zone, excepting the existing Chinese mines, the Shantung Mining Company has the right to work mines and raise coal and other minerals. The Chinese mines now in operation are entitled to continue work under the hitherto existing conditions, but they must so proceed that the works of the Shantung Mining Company are not injured thereby.

In order to prevent the mines of the Shantung Mining Company lying below these Chinese mines from being kept in constant danger, the Company shall be at liberty to conclude an agreement for the purchase of these

mines with the owners. If necessary the Company shall appeal to the District Magistrate for intervention.

Regarding the purchase of larger Chinese mines already existing within the 30-li zone, their owners, instead of receiving payment in cash, shall be at liberty to ask for shares of the Shantung Mining Company amounting to the sum agreed upon as price of the mine sold. Should owners of such mines be unwilling to sell them, the working of such mines is not to be interfered with.

ART. 18. Inhabitants of places near the mines shall get coal to be used for their households at reduced prices as soon as the working of the mines is established favorably and successfully.

ART. 19. In the Province of Shantung outside the leased territory of Kiauchow the Governor in Tsinanfu safeguards all the rights of sovereignty. Therefore Chinese officials and workmen employed by the Shantung Mining Company within this province shall in case of contravention of Chinese law be under the jurisdiction of the competent Chinese Local Authorities.

In case of complaints against foreigners employed by the Company proceedings shall be taken according to the proper laws.

ART. 20. It shall be the subject of further agreements, when and under what conditions the Chinese Government may in future take over the mines.

The foregoing regulations, after being approved, shall be notified to the Authorities of the Province of Shantung and to the officials of the mines. Thereupon they shall be duly observed.

Should it be necessary in future to have alterations made of some of the above regulations or to have drawn up supplementary rules, this can only be done by mutual agreement between the Governor of the Province of Shantung and the Shantung Mining Company.

TSINANFU, 21st March 1900.

The Governor of the Province of Shantung:
[signed and sealed]

H. M.'s Delegate:

[sig.] YIN CHANG, *Lieut.-General.*

Die Direction der Schantung Bergbau Gesellschaft.

Note

The Schantung Bergbau Gesellschaft was a joint German and Chinese enterprise operating under a German charter or "concession" dated June 1, 1899, of which the following is a translation from the German text:

Charter of Schantung Bergbau Gesellschaft.—June 1, 1899

"The Deutsch-Asiatische Bank—representing the Syndicate formed for the establishment of 'German Chinese Mining Companies'—having applied for a mining con-

cession within the Chinese Province of Shantung in favour of said Syndicate, the Imperial Government is ready to grant same in accordance with the agreement contained in the German-Chinese Treaty of 6 March 1898 under conditions as follows:

"Par. 1.—Beginning with the day of granting the concession the concessionary shall for a period of five years have the exclusive right to prospect for coal and other minerals as well as Petroleum and to claim mining fields by reason of finds made within an area extending 30 *li* to either side of the railway lines to be constructed

a) from Tsingtau via Weihsien to Tsinanfu including a branch to Poshan.

b) from Tsinanfu through the Province of Shantung as a part line of projected railway from Tientsin to Kuachou (Chingkiang).

c) from Tsingtau via Ichoufu towards the railway mentioned under b.

"The concessionary is to hand over to the Imperial Government as soon as possible a trace of the probable line of Railways to be built.

"Par. 2.—For every find which is made within the districts covered by Par. 1 and which must be proved in its natural deposit, the concessionary shall be granted a field limited by perpendicular planes the demarcations for which are to be indicated on the one hand by the railway-line and a line parallel to it at a distance of 30 *li* and on the other hand by two lines six kilometers apart from each other running rectangularly to the railway line.

"After expiration of the time provided for by Par. 1 the monopoly of the concessionary to prospect and locate shall cease and the Imperial Government may grant such rights to other persons or corporations as well.

"Par. 3.—Within ten years after expiration of the time provided for in Par. 1 methodical working of mines must have been started and shall thenceforth be continued by the concessionary his successors or assigns upon the field granted to them or if three or more fields should have been granted at least upon one field in every three.

"Should they fail to comply with this obligation and should the omission of or interruption to such work be contrary to prevailing reasons of public interest the Imperial Government may withdraw the grant of mining rights for such fields. No claims for compensation of any kind shall be admitted in such case.

"The grant of mining rights can however not be withdrawn on account of not having maintained proper operating of mines unless notice to maintain such operating has been ineffectively given twice whereof the second notice cannot be handed in before at least half a year has elapsed after the first notice having been given.

"Should the concessionary his successors or assigns with reference to a mining field show special cause which made it impossible to begin the proper operating of mines within the stipulated time then the limit of time may be extended once for a reasonable period. If the concessionary his successors or assigns prove to the satisfaction of the Imperial Government that the observance of this limit of time or the continuation of proper operating of the mines has been rendered impossible by *force majeure* then in the first case the limit of time shall be extended for a reasonable period and in the second case the grant of mining rights shall not be withdrawn provided the concessionary his successors or assigns resume, after removal of the hindrance caused by *force majeure*, the proper operating of mines within such reasonable time as may be fixed by the Imperial Government.

"Par. 4.—If at the expiration of twenty years counted from the day of granting the concession the extent of the mining fields granted to the concessionary should prove to exceed half of the total area of the 'Thirty-*li* Zone' the Imperial Government is entitled to revoke the mining rights in as much as they are granted in excess of the area mentioned. No claim for compensation of any kind shall be admitted based on such revocation. It is however left to the concessionary to point out the fields for which his mining rights or the mining rights of the Companies (Par. 5) formed by him shall cease. If the concessionary does not comply with the request transmitted to him by the Imperial Government to point out such fields, within six months after the day the request has been delivered to him, the Imperial Government shall decide upon such fields.

"Par. 5.—The concessionary shall form one or more German-Chinese Companies (one at least within three months after the earliest date law will permit) having the status of a 'Colonial Company' (Kolonial Gesellschaft) in the meaning of the law with reference to the legal affairs of Protectorates dated 15 March 1888 and he shall transfer to such Companies the rights and obligations granted to him by the con-

cession. The rules of these Companies shall be submitted to the Imperial Government for approval.

"Every Company formed in accordance herewith shall establish its siege in Tsingtau within six months after the resolution of the Federal Council concerning the juristic quality to be granted thereto. In case the dates set as above are not adhered to, the Imperial Government may if unwilling to extend the terms declare that the rights and obligations granted to the concessionary or to the Company by virtue of the concession shall be null and void, and no claim for compensation based on such an action shall be admitted.

"Par. 6.—Proper steps have to be taken that both Germans and Chinese may be able to participate in the public subscription of shares for each of the Companies formed. Especially for this purpose subscription of shares shall also be opened at suitable trading places of Eastern Asia and the amount subscribed there shall receive adequate consideration.

"Par. 7.—The concessionary his successors or assigns are bound when called upon by the Imperial Government, to satisfy out of the coal produced by them in the first instance the requirements of the Imperial Navy and to allow for all coal thus purchased a preference price being 5% below market price ruling at Tsingtau for coals of same quality.

"Par. 8.—As a contribution to the expenses of the Imperial Government for harbour works in Kiauchou Bay and to the General Administration of the Protectorate the concessionary his successors or assigns shall pay a tax on the annual net income of the mining enterprises to be calculated as follows:

"If the net income available for distribution resulting out of the proceeds of a mining enterprise would allow for a yearly dividend of more than 5% figured on the share capital paid up and expended for such enterprise the tax to be paid for that year to the treasury of the Government of Kiauchou shall be:

- from the amount exceeding 5% up to 7% the twentieth part
- from the amount exceeding 7% up to 8% the tenth part
- from the amount exceeding 8% up to 10% the fifth part
- from the amount exceeding 10% up to 12% the third part and
- from the amount exceeding 12% one half.

"Par. 9.—The total or partial transfer of the concession to be granted by this instrument, and also every alteration of the Rules of Companies established in accordance with Par. 5 require the approval of the Imperial Government to be valid. A transfer of the concession itself or any part of it to a Company other than a German or German-Chinese shall not be allowed.

"Par. 10.—One copy of this instrument of concession will be handed to the concessionary as soon as the Shantung Railway Company has been properly formed.

"Par. 11.—All costs of this instrument if any, especially any stamp duty, shall be borne by the concessionary.

"BADEN-BADEN, 1st June 1899.

"The Imperial Chancellor,
[sig.] FÜRST ZU HOHENLOHE-SCHILLINGSFÜRST."

The following is a translation (from the German text) of the Rules, dated October 10, 1899, applicable to the Company:

Rules of Schantung Bergbau Gesellschaft.—October 10, 1899

"I.—GENERAL STIPULATIONS.

"ARTICLE 1. Under the style of Schantung Bergbau Gesellschaft a Kolonial Gesellschaft (Colonial Company), having established its siege in Tsingtau, has been formed by virtue of the law of the German Empire, dated 15th March 1888 and 2nd July 1899. This Company, though working under the laws and under the jurisdiction of its siege shall be subject to the jurisdiction of Courts competent for such matters in Berlin for all actions between the Company and its individual members and/or the Company and its executive bodies arising from their company relations.

"ART. 2. The object of the enterprise is the acquisition and the exploitation of the concession of 1st June 1899, preceding these rules, and in pursuance thereof the establishment of mining enterprises of every kind in the assigned area of the Province of Shantung particularly:

- 1) the prospecting for Coal and other Minerals, also for Petroleum,
- 2) the acquisition of mine properties by reason of the finds made,
- 3) the establishment and the operation of mines, foundries and smelting works, dressing works and all installations appurtenant thereto, also the purchase of raw material for the business within and without the area of concession,
- 4) the purchase and rent as well as sale and lease of rights to prospect and to locate as well as of mines and of metal works,
- 5) the acquisition and rent of land, rights to land and to water, as well as sale and lease of the above things and rights,
- 6) the building of branch railway lines for the purpose of forwarding the products of mines and metal works,
- 7) the sale of the products gained from the mines and metal works and also of other products of the country, also the establishment of sales offices within or without the Province of Shantung, for the purpose of such sale,
- 8) the participation in mines and metal works existing or to be established in the area of concession,
- 9) the establishment of other mining companies, to which part of the privileges granted by the concession of 1st June 1899 are to be transferred in accordance with Par. 5 of the conditions of the concession.

With the approval of the Imperial German Government the Company is entitled:

- 1) to extend its mining enterprises and operations connected therewith or its participation in such enterprises and works outside the area of concession in the Province of Shantung or outside of this Province,
- 2) to found branch establishments.

"ART. 3. The duration of the Company is not limited to a fixed time.

"ART. 4. The executive bodies of the Company are:

The Board of Directors (Direction)

The Supervisory Committee (Verwaltungsrat)

The General Meeting (Generalversammlung).

"ART. 5. The notices of the Company appear with legal validity by publishing them once in the 'Deutscher Reichs-Anzeiger,' unless other forms or more frequent publication are stipulated by these rules. The Company, however, reserves to itself the right to publish them in addition in other papers at the decision of the Supervisory Committee, the validity however of the notices not being dependent on this publication. When time limits are published the day of the issue of the paper is not included.

"II.—CAPITAL

"ARTICLE 6. The capital of the Company amounts to Marks 12,000,000,—equal to Francs 15,000,000,—equal to Pounds Sterling 600,000.—divided into 60,000 shares of the value of Marks 200, each—equal to Francs 250.—equal to Pounds Sterling 10. On each share 25% are paid up in Marks.

"Further payments or full payment of the shares in Marks shall, with approval of the Supervisory Committee, be called in by the Board of Directors giving four weeks notice of such calls. The Supervisory Committee is authorized to lay down the conditions, under which the full payment of shares before due date will be allowed.

"An increase of the capital can only be decided upon by a General Meeting. The resolution shall also contain the conditions, under which the new shares will be issued.

"ART. 7. The original subscribers of the shares to be issued and thereafter their successors or assigns form the Company. The shares are indivisible; they possess the quality of movable property. Individual members may not sue for divisions of property.

"ART. 8. For the obligations of the Company, the Company's assets will only be liable to the creditors.

"ART. 9. The original subscriber of a share is responsible for the payment of the full face value thereof.

"Beyond the full payment no further responsibility rests on the members of the Company.

"ART. 10. The share certificates are made out to bearer; they will be issued in denominations of one, five or ten shares, according to the decision of the Supervisory Committee.

"The share certificates will be issued only after payment of the full face value. For the instalment-payments receipts will be given on an interim certificate bearing the name of the holder.

"The interim certificates are transferable by endorsement, without prejudice to the responsibility laid on the subscriber of the share by virtue of Art. 9; by a resolution of the Supervisory Committee however interim certificates for the first instalment of 25% may be transferred in such a way that the new owners take the place of the original subscribers. Wherever in these rules shares of the Company are mentioned, interim certificates take their place until the share certificates have been issued.

"ART. 11. Dividend coupons for ten years with renewal slips shall be attached to the shares.

"At the end of the last year new dividend coupons for ten years will be issued against delivery of the renewal slips. If a profit is divided before issue of the shares, the interim certificates will be stamped accordingly upon payment of such dividends.

"ART. 12. Those liable, but failing to render part payments due, shall be requested by the Board of Directors by notice stating the numbers of the shares on which payment is overdue, to pay same together with interest at 5% within a time to be fixed at not less than four weeks.

"Whoever allows this time to elapse without making payment as aforesaid, forfeits a fine of 10% of the amount due besides the interest, and the Board of Directors may force him by legal proceedings to pay the instalment due together with interest, fine and costs.

"Instead of this procedure the Board of Directors, after having given once more a notice to the defaulting subscribers to complete the overdue payments within a further delay of four weeks and after having warned them at the same time that they will be excluded, if they do not comply with the request, may pass, after this period has ineffectually elapsed, a resolution that the subscribers shall lose in favour of the Company the privileges arising from the subscription as well as all payments made. Such declaration shall be advertised publicly, and new scripts will be issued in place of that which is declared to be cancelled, such scripts to include the part payments made already and the instalment last asked for. The defaulter shall remain responsible for any loss suffered by the Company in the sale of such shares.

"ART. 13. The original subscribers of the share capital described in Article 6, Section 1, who have floated the enterprise, shall receive one bonus share on every one share subscribed, i. e., 60,000 bonus shares in all. They shall be issued in the name of the owner in denominations of one, five or ten bonus shares. The privileges of the bonus shares are laid down in Article 18, Article 39 and Article 40.

"At the formation of other mining companies in accordance with Par. 5 of the Concession dated 1st June 1899 and Article 2, ad. 9 of these Rules, the aforesaid original subscribers are entitled to participate, proportionately to their share of capital in the Schantung Bergbau Gesellschaft, as original subscribers in raising of the share capital of each of those companies up to one half, by taking over the shares at par, plus the proportionate foundation costs. The original subscribers of the share capital of those companies shall receive one bonus share on every one share subscribed. On these bonus shares a share of the profits shall be distributed in the same ratio in which the proprietors of the bonus shares of the Schantung Bergbau Gesellschaft participate according to Article 18.

"ART. 14. By resolution of the General Meeting and with approval of the controlling authorities, the Company is authorized to issue debentures payable to bearer.

"The nominal value of the debentures, the rate of interest, the conditions of recall and repayment shall be fixed and made public in every instance by the Supervisory Committee with approval of the controlling authorities. The recall of the debenture requires the approval of the Supervisory Committee.

"ART. 15. When shares or other documents issued in accordance with the regulations of Article 10, 11, 13 and 14 have become damaged or otherwise unserviceable, but preserved in their essential parts to such an extent as to admit no doubts as to their genuineness, then the Board of Directors is authorized to draw up and hand out new equivalent documents in exchange for the damaged documents, costs to be borne by the owner.

"Excepting this contingency, new documents may be prepared and delivered in place of those damaged or lost only after judicial invalidation of the latter.

"Dividend coupons are not cancelled judicially: they become invalid, unless collected within four years, counted from the 31st March of that year in which they have become due, the respective dividends revert to the Company. To such one, however, who gives notice to the Board of Directors of the loss of dividend coupons before expiry of the said term of four years, and who proves their former possession by production of the share certificates or otherwise in a reliable way, the amount due on such coupons (given notice of and not yet presented) shall be paid against receipt after lapse of the said term.

"No judicial declaration of invalidity shall take place as well for damaged or lost renewal slips.

"When the owner of a share before the issue of new dividend coupons protests against the delivery thereof to the presenter of the renewal slips and this presenter however insists upon delivery the dispute shall be carried to Court for a decision, the new series of dividend coupons shall be withheld until the case has been decided.

"When a renewal slip has been lost, the dividend coupons shall be delivered against receipt to the owner of the respective share after expiry of the date set for payment of the third of those dividend coupons which should have been received against delivery of the renewal slip. The possession of the respective renewal slip does in this case not entitle to the receipt of the dividend coupons.

"ART. 16. By subscription or purchase of shares, interim certificates and bonus shares, the members submit to the jurisdiction of the competent lower Court for commercial matters in Berlin for all disputes arising between the Company and themselves in consequence of their business relation. (Par. 1).

"III.—FINANCIAL STATEMENT, ASCERTAINING AND DISPOSAL OF THE PROCEEDS, RESERVE FUND

"ARTICLE 17. The business year begins on 1st April and ends on 31st March of the following year. The first business year in accordance with these rules ends on 31st March 1900.

"The financial statement shall be drawn up by the Board of Directors as for 31st March for the business year last passed. It shall be presented to the General Meeting annually not later than 30th September together with the Profit and Loss Account and with a report of the Board of Directors showing the property and the situation of the Company, and also with the audit to be brought in by the Supervisory Committee.

"It is understood that net profits mean, profits in hand after the writing off on the property has taken place to such an extent as the case may require.

"Five per centum per annum interest may be debited to Development Account during the development period, but not beyond the business year 1903/4; possible working profits during the development period shall however in this case be credited to Development Account. The Development Account shall also be debited by the remuneration due to the Supervisory Committee in accordance with the conditions of Article 46.

"The approval of the financial statement is reserved to the General Meeting. By giving the approval, the executive bodies of the Company are discharged regarding their management during the respective year.

"ART. 18. On proposal of the Supervisory Committee the General Meeting decides on the amount of net profit resulting from the financial statement.

"Of the sum to be calculated on not less than 5% and no more than 15% have to go to the Reserve Fund.

"Of the remaining sum a dividend of 5% on the paid-up share capital shall be allowed to the members of the Company.

"The balance shall be distributed as follows:

33½ per centum to the bonus shares

66⅔ per centum on the paid-up share capital as super-dividend,

after having deducted as well 10% for the Supervisory Committee and the contribution to the Government provided for in Par. 8 of the instrument of Concession of 1st June 1899.

"The General Meeting may not pass a higher amount as net profit to the members of the Company nor a lower contribution to the Reserve Fund than proposed by the Supervisory Committee. Within four weeks after the resolution of the General Meeting the members of the Company will receive the dividend due to them, and the owners of the bonus shares their share of profit, and also the contribution to the Government provided for in Par. 8 of the instrument of Concession of 1st June 1899 has to be paid.

"In the event of the dividend to the members and the share of profit to the owners of the bonus shares being paid in Francs or Pounds Sterling, the amount of the dividend or of the share of profit due in Marks shall be calculated at the rate of 81.— Marks = 100 Francs and 20.40 Marks = 1 Pound Sterling.

"ART. 19. The Reserve Fund serves to cover extraordinary expenses or losses. Its disposition is decided on by the Supervisory Committee.

"After the Reserve Fund will have reached 15% of the share capital, further contributions thereto shall cease. Upon proposal of the Supervisory Committee, however, the General Meeting may resolve a further increase of the Reserve Fund, if extraordinary circumstances occur. In the event of payments out of the Reserve Fund, further contributions have to be made thereto until it reaches again the amount fixed.

"IV.—ADMINISTRATION

"a) Board of Directors

"ARTICLE 20. The Board represents the Company and acts on its behalf in all legal and other affairs including those requiring a special power of attorney by law. The Board is independent in question of administration, save in those for which by these rules cooperation of the General Meeting or Supervisory Committee is required. In transacting affairs the Board is bound to follow the instruction given by the Supervisory Committee or such of its members as have been delegated by it. This restriction, however, has no legal effect toward third parties.

"ART. 21. The Board of Directors consists of two or more Directors, appointed upon conditions settled by the Supervisory Committee.

"The Supervisory Committee regulates the distribution of business amongst the Directors, their relations to each other, as well as the rules for their joint deliberations and resolutions. It nominates substitutes if required and may appoint from its midst a member as substitute. Such substitute shall not act on the Supervisory Committee while cooperating with the Board of Directors.

"ART. 22. By resolution of the Supervisory Committee Directors may temporarily be ordered to China for inspection of the administration there and other purposes.

"ART. 23. Documents and declarations of the Board are binding on the Company, if they are signed under the name of 'Schantung Bergbau Gesellschaft' by two Directors or by one Director and one Acting Director (substitute) or by two Acting Directors (substitutes) or by one Director or Acting Director (substitute) and by one officer of the Company authorised by the Supervisory Committee to sign conjointly.

"ART. 24. The nomination of Directors, of their substitutes (Acting Directors) and the officers of the Company authorised to sign documents conjointly, shall be recorded notariaily and made public. The record serves as legitimation.

"b) Supervisory Committee

"ART. 25. The Supervisory Committee consists of not less than 12 but not more than 25 members to be elected by the General Meeting from the number of the shareholders. At least five members of this Committee shall reside in Berlin and including those at least three quarters of all members at the time shall be German subjects residing in the German Empire.

"As a rule the election shall take place at the ordinary General Meeting for a term up to the fourth ordinary meeting following.

"Every year at least three members resign in as regular succession as possible and are replaced by new elections. Until a rotation has been formed for the resignations, they shall be decided by lots. The resigning members are re-eligible. If a member retires in the meantime, the remaining members are authorised to elect a substitute with validity till the next ordinary General Meeting. The final election

of a substitute will be done by the General Meeting holding good for the unexpired term of the resigning members.

"If an election of members to the Committee should have taken place in an extraordinary General Meeting, the time from the date of the latter to the next ordinary General Meeting shall count as a full year, as far as the term of office of those elected is concerned.

"As long as the number of the members of the Supervisory Committee remains twelve or more both a new election and a replacement may be dispensed with.

"The elections for the Supervisory Committee shall be recorded before a notary.

"ART. 26. The Supervisory Committee elects a president and a vice-president immediately after every General Meeting in a session, at which the members present meet without being specially called. The president shall be a German subject residing in Berlin.

"The president shall convene the Committee as often as business requires, stating at the same time the agenda for the meeting. A meeting has to be called in within a fortnight if applied for in writing by at least three members of the Committee or by the Board of Directors.

"The Supervisory Committee forms a quorum when not less than half of its members are present. All its members have equal votes. Resolutions are passed by a majority of votes. Votes being equal the president shall have a casting vote.

"The Committee may give a valid decision on a matter not enumerated in the agenda, if the decision is approved by every member present. At the request of the president the Supervisory Committee may pass resolutions by written voting without a meeting being called; such resolutions only to be valid however if passed unanimously by all its members.

"In this case the taking of the votes of single members may be omitted, when and as long as they are living outside the German Empire.

"If at an election by the Supervisory Committee, no absolute majority of votes is obtained for one of the candidates in the first ballot, then a second ballot shall take place among those two persons, who have received the highest number of votes. If each then obtains an even number of votes, lots will be drawn for a decision.

"ART. 27. The Supervisory Committee decides on its order of business.

"ART. 28. The members of the Supervisory Committee draw no salaries, but they receive reimbursement of the outlays resulting from the execution of their duty and a share of profit or a bonus according to Par. 18 of these rules. The distribution of the share of profit or of the bonus to the members takes place in accordance with regulations to be decided upon by the Supervisory Committee.

"ART. 29. All declarations of the Supervisory Committee are legally executed if they are done under the style 'Der Verwaltungsrat der Schantung-Bergbau-Gesellschaft' with the signature of the names of the president—or the vice-president as the case may be—and one of the members of the Committee. The Supervisory Committee is legitimated by a notarial certificate of election giving the names of its members at the time and also of its president and vice-president.

"ART. 30. Besides the general supervision of the management through the Board of Directors and other powers given to the Supervisory Committee by these rules this Committee may particularly decide:

- 1) on the principles according to which landed property shall be acquired, made use of, and realised,
- 2) on the principles according to which mining and other industrial enterprises shall be carried on,
- 3) on the establishment of branch undertakings,
- 4) on the appointment of the higher officers of the Company in China, and also of those officers receiving an annual salary of more than 5000 Marks or taken on for more than three years and on the contracts to be closed with them and also on their dismissal,
- 5) on the administration in China, more particularly on the regulations made with respect to financial matters and accounting,
- 6) on the budget of income and expenditure of the Company to be drawn up annually,
- 7) on contracts, if the object exceeds 30,000 Marks or if obligations are imposed on the Company, for a term exceeding three years,

- 8) on the principles for the drawing up of the annual financial statement, as well as its presentation to the General Meeting and proposals regarding the use and distribution of profit balances,
 - 9) on other matters to be brought before the General Meeting,
 - 10) on the discharge to be granted annually to the administration in China,
 - 11) on the delegation of one or more members of the Committee for certain commissions, more particularly for examination of the books and of cash in hand kept by the Board of Directors and for examination of the annual financial statement,
 - 12) on the appointment of one or more special committees from among the members of the Committee and the transfer of special business affairs or classes of such to these special committees by special powers of attorney.
- "ART. 31. Of the transactions and resolutions of the Supervisory Committee minutes shall be written and signed by the participating members.

"c) General Meeting

"ART. 32. The General Meeting, properly constituted, represents the total of the Company's members.

"Its resolutions and elections are binding on all members.

"ART. 33. The General Meetings are to be held in Berlin. To these the Board of Directors or the Supervisory Committee shall call the members at least fourteen days before the fixed date, the latter not included, by notice stating the business to be transacted.

"There may be represented: commercial firms by employees authorised by legal notification to sign per procuration; wives by their husbands; widows by their sons, if of age; minors or the persons otherwise under guardianship by their guardians or curators; corporations, institutes, limited liability companies by one of the Directors or a person authorised to sign per procuration. In all other cases a member may only be represented by another member taking part in the General Meeting by virtue of a written proxy. Proxies are to be submitted to the examination of the Board of Directors at latest on the day before the meeting and the Board may require an official or other satisfactory authentication of signatures.

"ART. 34. At the General Meeting each share entitles to one vote. Voting can be exercised only by those members who have deposited their shares against receipts not less than five days before the date of the General Meeting with the Board of Directors or at such place as the Board may have designated in the notice, and leave them there till the end of the General Meeting.

"ART. 35. At the General Meeting the chair shall be taken by the president of the Supervisory Committee or, in case of his being prevented, by the vice-president, or if he also either can not or will not do so, by another one of the members present of the Committee, of whom always the senior in age shall have precedence to take the chair. The chairman conducts the discussion, fixes the succession of the items on the agenda as well as the modus of voting, and appoints the scrutineers, when necessary.

"Without prejudice to the regulation in Article 37, positions 3 and 4, the General Meeting shall only discuss and pass resolutions on items, which have been placed on the agenda at the time of calling it.

"Members, entitled to hold between them at least the tenth part of the total votes possible at a General Meeting may apply in a request, signed by them, that matters, being within the competency of General Meetings, be announced for resolution at the next meeting. The convener is then bound to place such matters on the agenda of the next General Meeting.

"If the request is however made after the General Meeting has already been called such suggestions to amplify the agenda must be in the hands of the Board of Directors not less than ten days prior to the day of the meeting.

"When this is the case, these matters are to be appointed on the agenda of the General Meeting convened, and this shall be notified not less than six days before the day of the meeting.

"ART. 36. An ordinary General Meeting shall annually take place before the end of the month of September.

"An extraordinary General Meeting shall be convened:

- 1) if a resolution to that effect has been passed by a General Meeting (Article 38).

- 2) if members, who are entitled to hold between them the fourth part of the total number of votes, require the convening and hand to the Board of Directors in writing a motion the object of which lies within the competency of the General Meeting,
- 3) if a resolution has to be passed with reference to the dissolution of the Company or its amalgamation with another Company or the alteration of its legal form,
- 4) if the Supervisory Committee decided on its convening for any other special cause.

"ART. 37. At the ordinary General Meeting the financial statement with the profit and loss account for the past business year as well as the reports rendered by the Board of Directors and the Supervisory Committee shall be brought forward for information and discussion, and the resolution as to the approval of the financial statement and also as to the discharge of the administration, shall be passed. Afterwards the necessary elections (Article 25) shall take place.

"The financial statement with the profit and loss account and the reports of the Board of Directors and of the Supervisory Committee shall be open for inspection of every member during two weeks preceding the meeting on such business premises in Berlin as are announced at the time of convening the meeting.

"The General Meeting is authorised to appoint a committee of revision, if the accounts are not passed forthwith.

"It is authorised to pass resolution on the enforcement of the responsibility to the Company of the members of the Board of Directors and of the Supervisory Committee and on the measures to be taken for this purpose, and to appoint attorneys for the execution of same.

"In addition the ordinary General Meeting is entitled to pass resolutions on every proposal, which is not assigned to the extraordinary General Meeting in conformity with Article 36, No. 3, more particularly:

- a) on the issue of further shares,
- b) on the raising of loans,
- c) on alterations and additions to the rules, more particularly alterations and amplifications of the objects of the Company.

"ART. 38. Resolutions on matters denoted in Article 36 under No. 3 are only binding, if at least three quarters of the shares are represented at the meeting. If this is not the case, an extraordinary General Meeting may be convened for the same purpose within the following six weeks, at which meeting a binding resolution may be passed, even if less than three quarters of the shares are represented. Besides, it is necessary for the validity of such a resolution that it be passed by a majority of not less than two thirds of the votes represented at the meeting.

"Alterations and additions to these rules Article 37, c) may be passed only by a majority of not less than two thirds of the votes represented at the meeting.

"Excepting these regulations, resolutions of the General Meeting are to be passed by absolute majority. With even votes the resolution shall be considered lost.

"If at elections, objection is raised against any other modus proposed, the voting has to be done by handing in ballot-papers and an absolute majority is necessary for election. If an absolute majority is not attained at the first voting, the further voting is limited to those two members who have received most of the votes. When votes are even, lots will be drawn.

"The minutes of the General Meeting shall be written by a notary, and shall be signed by the chairman and the scrutineers, if such have been appointed. The results only of the discussions shall be embodied therein. The naming of every individual member present is not required, but a list, signed by the chairman, of the members present or represented with a statement of the number of their votes shall be attached to the minutes of the meeting.

"A certificate of the elections by the notary writing the minutes serves as legitimation to those elected.

"ART. 39. The redemption of the bonus shares (Article 13) requires an alteration of the rules. All proprietors of bonus shares are subject to an agreement as to their redemption, if at a meeting of the proprietors, to be convened by advertisement (Article 5) stating the object of the agenda, the agreement is approved by them with not less than two thirds of the votes represented in the voting. At this meeting each bonus share shall be allowed one vote. The Supervisory Committee shall decide on the manner of the further proceedings at the meeting.

"V.—DISSOLUTION

"ARTICLE 40. In case of the dissolution of the Company, after payment of all debts, the property, calculated in Marks, shall be divided among the members in proportion to the instalments paid on the shares up to the amount of such instalments, and the surplus if any, shall be divided at the rate of 50% among the members in the same proportions and 50% among the proprietors of the bonus shares.

"The distribution shall not take place before the expiry of one year, counted from the day, on which the dissolution of the Company has been published in the 'Deutscher Reichs-Anzeiger' with an invitation to the creditors to hand in their claims.

"Until conclusion of the distribution proceedings the constitution of the Company and its jurisdiction remains as heretofore.

"A partial return of the share capital to the members is subject to the same conditions as the dissolution of the Company.

"VI.—COURT OF CONTROL

"ARTICLE 41. The control of the Company is exercised by the Imperial Chancellor, who may appoint one or more Commissioners for this purpose. These Commissioners are entitled to take part in the meetings of the Supervisory Committee and in the General Meetings and to demand at any time a report from the Supervisory Committee on the business of the Company, also to inspect the books and documents of the same, and to convene at the expense of the Company an extraordinary General Meeting, if a request for such by members of the Company entitled thereto (Article 36, No. 2) is not followed out or if other important reasons should exist.

"ART. 42. Subject to the approval of the controlling authorities are:

- 1) the raising of loans and the issue of further shares,
- 2) the resolutions of the Company according to which an alteration of or additions to the rules shall result, or according to which the Company shall be dissolved, amalgamated with another or its legal form altered.

"VII.—TRANSITIONARY REGULATIONS

"ARTICLE 43. The total of the 60,000 shares are taken over by the founders of the Company as named hereafter, viz:

	<i>shares</i>
1) by the Direction der Disconto-Gesellschaft	4000
2) by the Deutsch-Asiatische Bank	4000
3) by the Deutsche Bank	4000
4) by the Bank für Handel und Industrie	4000
5) by the Berliner Handelsgesellschaft	4000
6) by the Dresdener Bank	4000
7) by the Nationalbank für Deutschland	4000
8) by the Schaffhausen'scher Bankverein	4000
9) by S. Bleichroeder	4000
10) by Robert Warschauer & Co.	4000
11) by Born & Busse	4000
12) by Jacob S. H. Stern	4000
13) by L. Behrens & Soehne	4000
14) by the Norddeutsche Bank in Hamburg	4000
15) by Messrs. Sal. Oppenheim jr. & Co.	4000

"On the above mentioned 60,000 shares taken over by the founders 25% have been paid up by them namely 50 Marks on each share.

"ART. 44. The first Supervisory Committee is to be elected at the constitutive General Meeting in the year 1900.

"The regulations of Article 25 of the rules shall apply to the Supervisory Committee to be elected at this meeting.

"The first Supervisory Committee appoints immediately after the constitutive General Meeting its president and vice-president and resolves on the constitution of the Board of Directors and elects the Directors.

"All this shall be valid by the votes of members present in the foregoing General Meeting, even if less than half of the members of the Supervisory Committee have been present. Absent members need not to be called or asked for a declaration as to the acceptance of their election.

"ART. 45. The president of the Supervisory Committee and the vice-president shall be authorised to petition the Imperial Chancellor for the approval of these rules and for the bestowal of the privileges of incorporation provided for in Par. 9 of the Law of 15th March, 1888, also to order any additions to and alterations of these rules, required by the Imperial authorities with binding power upon the Company and upon all the founders and original shareholders thereof.

"ART. 46. The first ordinary General Meeting assembling in the year 1900 shall decide on the remuneration which shall be granted to the Supervisory Committee up to the business year 1903/1904 provided no share of profit in accordance with Article 18 is payable before that year."

The foregoing Rules of the Schantung Bergbau Gesellschaft, dated October 10th, 1899, remained in force until February 12th, 1913, when the General Meeting resolved to accept the offer made by the Schantung Eisenbahn Gesellschaft to take over the entire mining property against an issue of 5400 new Railway shares (at par), and to go into liquidation forthwith,—which resolution received the sanction of the German Imperial Chancellor on March 13th, 1913.

By a decree of the German Imperial Chancellor, dated March 13th, 1913, and by virtue of § 9 of the foregoing "Concession" of June 1st, 1899, approval was given to the liquidation of the Schantung Bergbau Gesellschaft, and to the transfer of the concession for mining in Shantung to the Schantung Eisenbahn Gesellschaft, on the condition that the tax payable by the latter Company for dividends exceeding 5% on the capital of the Railway Company—in accordance with § 11 of the Railway Concession granted to that Company, June 1st, 1899 (annexed to No. 4, *ante*, at page 34)—should be calculated upon the entire net profits of the Railway Company, regardless whether such profits result from the working of the railway and/or mines and/or from other operations undertaken by the Railway by virtue of the Rules dated February 12th, 1913 (annexed to No. 4, *ante*, at page 35).

In the meanwhile, the Schantung Bergbau Gesellschaft had arranged with the Chinese authorities to liquidate its claim to a general privilege in respect to mining within a zone of 30 *li* along the railways in Shantung, in exchange for a concession of specific mining areas, by an Agreement under date of July 24th, 1911, of which the following is a translation from the Chinese text:

Agreement for Delimitation of Mining Areas in Province of Shantung.— July 24, 1911

"The Government of Shantung being now in accord regarding the readjustment of the mining rights along the line of the railway, the substance of the agreement with the Shantung Mining Corporation (Schantung Bergbau Gesellschaft) is embodied in the following Articles:

"SECTION I

"ARTICLE I. The Shantung Government and the Schantung Bergbau Gesellschaft confirm, as originally agreed, that the mines of Fangtzu and Tzu-ch'uan together with those of Chinling-chen and Chang-tien for the space of 30 *li* wide shall be exclusively operated by the Schantung Bergbau Gesellschaft.

"ART. II The above specified mining territory of the Schantung Bergbau Gesellschaft is defined on a separate map which constitutes an important integral part of this Agreement. All mining rights within this area belong to the Schantung Bergbau Gesellschaft. Chinese Mining Companies have no rights there.

"ART. III. Outside of the special rights reserved by the Schantung Bergbau Gesellschaft as specified above, the rights to mines within 30 *li* of the finished Shantung Railway and of the unfinished Tientsin-Pukow Railway and of the recently surveyed Kiaochow-Ichow Railway which were originally granted by China to the Schantung Bergbau Gesellschaft are hereby cancelled.

"ART. IV. The original purpose of the Schantung Bergbau Gesellschaft was to preserve the right to operate mines in Po-Shan and Tzu-ch'uan within the 30-*li* belt. Now in order to display a friendly spirit it is agreed that the rights in Po-Shan Hsien are relinquished; also in Tzu-ch'uan from Ta-k'uei-shan, through Lung-K'ou-Chen towards the northwest south of the oblique line through the eastern part of Tzu-ch'uan Hsien the mining rights are relinquished, and restored to China.

"ART. V. The mines of Fang-tzu within the jurisdiction of Wei Hsien were formerly included in the 30-*li* belt as well as Ch'ang Lo and An Ch'in Hsiens. Now the Schantung Bergbau Gesellschaft, in order to show friendship, returns to China its

rights to the mines of Po-Shan Hsien. Also the mining rights are returned to China in Tzu-Chow south of the diagonal line from Ta K'uei Shan through Lung K'ou Chen toward the north-west through Tzu-Chow Hsien.

"ART. VI. The mining area map agreed upon between the Shantung Government and the Schantung Bergbau Gesellschaft is issued in four sheets as follows:

- (a) Mining areas in Tzu-Chow, Chin-ling Chen and Chang Tien.
- (b) Mining areas on the southern boundary of Tzu-Chow.
- (c) Mining areas in Wei Hsien and Ch'ang Lo Hsien.
- (d) General map.

"ART. VII. In Fang-Tzu, under the jurisdiction of Wei Hsien and in Lo-an and An Ch'iu Hsien which were included within the 30-*li* belt, although the Gesellschaft in order to show friendship has turned back to China its rights in the north-west part of An Ch'iu Hsien yet it retains its rights in Ch'ang Lo Hsien and Ta Ching Shan to a distance of 10 Chinese *li* from Fang-Tzu.

"SECTION II

"ARTICLE I. Along the line of the Shantung Railway in the regions of Chang-Ch'iu, Tzu-Chow and Po-Shan Hsien, which have been relinquished by the Gesellschaft, Chinese are forbidden to open mines on a large scale before the year 1920. After that date Chinese officials and merchants may decide for themselves.

"ART. II. Within one month of the exchange of ratifications of this Agreement between the Chinese and German Governments the native mines within the railway zone shall be closed.

"ART. III. According to the Mining Regulations of the 26th Year of Kuanghsu, i.e., A. D. 1900, the mining operations of the Schantung Bergbau Gesellschaft shall be specially protected.

"ART. IV. If the Chinese Government or Chinese merchants wish to carry on mining operations in the areas relinquished by the Gesellschaft according to this Agreement, whenever the capital is insufficient they must borrow German capital. If they require supplies of machinery they must purchase German materials and if they wish to engage foreign experts, they must engage Germans.

"SECTION III

"China undertakes to pay Mex. \$210,000 to be expended by the Schantung Bergbau Gesellschaft in surveying, in purchasing land and in meeting other necessary expenses. Within one year after the signing of this Agreement this shall be paid in two instalments. As soon as possible after the signing of this Agreement the Schantung Bergbau Gesellschaft shall make a full report to China regarding its surveys and purchase of land, with maps and observations.

"SECTION IV

"In operating iron mines near Ching-ling-chen the Mining Regulations of the 26th year of Kuanghsu (A. D. 1900) must be conformed to without evasion. It is, further, the expectations of the Chinese officials that an iron-works shall be opened near these mines, the capital of which shall be subscribed by China and Germany jointly. It is stipulated that the call on Chinese for capital shall be limited to about \$500,000. The detailed regulations will be drawn up when the iron works are to be opened.

"This Agreement is drawn up in both the Chinese and the German languages, both versions to agree in meaning in four copies. To each are attached four sheets of mining territory maps. The deputies of the two nations will mutually exchange the original copies with the Supplement and sheets as proofs of the Agreement which both are to observe.

"Dated at Tsinan Fu

"July 24, 1911 (Hsuant'ung, 3rd Year, 6th Moon, 29th day).

"Signed: "HSIAO YING-P'ENG (CH'UN?), *Industrial Taotai of Fengtien.*

"YU TSE-TA, *Financial Commissioner of Shantung.*

"'AI-MEI-LO-LIU-HAI-ERH,' *Managing Director of the Schantung Bergbau Gesellschaft.*

"'P'EI CHIH-CHIH,' *German Consul at Tsinan Fu.*"

No. 6

GERMANY AND GREAT BRITAIN

*Agreement relative to China.*¹—October 16, 1900

Her Britannic Majesty's Government and the Imperial German Government, being desirous to maintain their interests in China and their rights under existing Treaties, have agreed to observe the following principles in regard to their mutual policy in China:

1. It is a matter of joint and permanent international interest that the ports on the rivers and littoral of China should remain free and open to trade and to every other legitimate form of economic activity for the nationals of all countries without distinction; and the two Governments agree on their part to uphold the same for all Chinese territory as far as they can exercise influence.

2. Her Britannic Majesty's Government and the Imperial German Government will not, on their part, make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions, and will direct their policy towards maintaining undiminished the territorial condition of the Chinese Empire.

3. In case of another Power making use of the complications in China in order to obtain under any form whatever such territorial advantages, the two Contracting Parties reserve to themselves to come to a preliminary understanding as to the eventual steps to be taken for the protection of their own interests in China.

4. The two Governments will communicate this Agreement to the other Powers interested, and especially to Austria-Hungary, France, Italy, Japan, Russia, and the United States of America, and will invite them to accept the principles recorded in it.

Note

The replies of the several Governments to the communications provided in Article 4, are herewith quoted (or translated) from *China, No. 5 (1900)*:

AUSTRIA-HUNGARY

"Sir F. Plunkett to the Marquess of Salisbury

"MY LORD,

VIENNA, October, 25, 1900.

"On receipt of your Lordship's telegram of the 20th instant, I at once called upon the German Ambassador in order to concert with his Excellency for communicating to the Austro-Hungarian Government the Agreement respecting China which your Lordship had signed with the German Ambassador in London on the 16th instant.

"Prince Eulenberg expressed much satisfaction at your Lordship having desired me to concert with him for the communication of this Agreement, and my telegrams of the

¹MACMURRAY, vol. I, p. 263. Printed also in British *Treaty Series*, 1901, No. 1; ROCKHILL, p. 62; *China, No. 5 (1900)*; HERTSLET, p. 591; *Recueil*, p. 408. See note to this document, on this page.

21st and 23rd instant will have shown that, in view of the absence from Vienna of Count Goluchowski, and in view of the fact of Prince Eulenberg being confined to his house with a cold, we decided to communicate the Agreement to Count Szecsen through our respective Secretaries of Embassy.

"Mr. Milbanke and Baron Romberg, therefore, went to the Foreign Department next morning and made communication separately of the Agreement.

"Count Szecsen called at this Embassy and at the German Embassy the day before yesterday to say that he had informed the Emperor and Count Goluchowski of this communication, and was authorized to state that the Austro-Hungarian Government had heard with pleasure that Great Britain had come to this understanding with Germany, and accepted willingly the principles recorded in the Agreement which had been signed by your Lordship and the German Ambassador in London.

"I have, &c.

"F. R. PLUNKETT."

FRANCE

Memorandum communicated by M. Cambon, Oct. 31st, 1900.

"(Translation)

"The Government of the Republic has taken note of the arrangement of October 16th, between the German and English Governments, which was communicated to it by the Ambassadors of Germany and England at Paris.

"The Government of the Republic has long manifested its desire to see China opened to the economic activity of the whole world: hence the emphatic adherence that it gave, in the month of December last, to a proposal of the Government of the United States prompted by the same preoccupation. Its feeling in that regard has not been changed.

"As to the integrity of China, the Government of the Republic is the more ready to assert that principle, having made it, and having on several occasions declared it, the basis of its policy in the crisis for which the joint efforts of the Powers are seeking to find a satisfactory solution.

"The universal assent to this principle seems to the Government of the Republic a sure guarantee for its being respected; and if, contrary to all expectation, it should suffer any derogation, France would take the circumstances into consideration, with a view to the safeguarding of its interests and of the rights which it possesses under the Treaties.

"October 31st, 1900."

ITALY

"M. Visconti-Venosta to Lord Currie

"(Translation)

"Ministry of Foreign Affairs,

"M. L'AMBADEUT,

ROME, October 22, 1900.

"In your note of yesterday your Excellency communicated to me, in accordance with instructions received from your Government, the Agreement arrived at on the 16th instant between Lord Salisbury and Count Hatzfeldt with regard to China.

"The two Contracting Governments having pledged themselves to give notice of their Agreement to the Powers interested, especially to France, Italy, Japan, Austria-Hungary, Russia, and the United States with an invitation to agree to the principles enunciated therein, your Excellency asked me whether these principles were accepted by the Italian Government.

"Having taken His Majesty's orders, I am today in a position to inform your Excellency that the Italian Government, recognizing in the Anglo-German Agreement those same principles which rule their own policy in China, do not hesitate to give their adhesion thereto.

"I beg your Excellency to be so good as to bring the above to the knowledge of Her Majesty's Government.

"I have, &c.

"VISCONTI-VENOSTA."

JAPAN

*"Mr. Kato to Mr. Whitehead**"(Translation)**"Department of Foreign Affairs,**"Tokio, October 29, 1900.**"SIR,*

"I have the honour to acknowledge the receipt of your note of the 24th instant, in which, in obedience to instructions from the Marquess of Salisbury, Her Britannic Majesty's Principal Secretary of State for Foreign Affairs, you communicated to me the text of an Agreement, signed on the 16th instant by his Lordship and the German Ambassador, which reads as follows: [See text of principal document.]

"At the same time, in further compliance with Lord Salisbury's instructions, you requested me to inform you whether the Imperial Japanese Government are inclined to accept the principles recorded in said Agreement.

"The Imperial Government, having received assurances from the contracting Powers to the effect that, in adhering to the Agreement in question, they will be placed in relation to such Agreement in the same position they would have occupied if they had been a signatory instead of an adhering State, do not hesitate to formally declare that they adhere to the said Agreement, and accept the principles embodied therein.

*"Accept, &c.**"KATO TAKAAKI."*

RUSSIA

*"Memorandum**"(Translation)*

"The Arrangement concluded between Germany and England does not, from our viewpoint, appreciably modify the situation in China.

"The first point of this agreement, stipulating that the ports situated on the rivers and on the seacoast of China, wherever the two Governments exercise their influence, remain free and open to commerce, may be favorably received by Russia, inasmuch as this stipulation in no way derogates from the *status quo* established in China by the existing Treaties.

"The second point is even more responsive to the intentions of Russia, since, from the beginning of the present complications, it has been the first to set up the maintenance of the integrity of the Celestial Empire as the fundamental principle of its policy in China.

"As to the third point, relative to the eventuality of any derogation from this fundamental principle, the Imperial Government, referring to its Circular of August 12/25th, can only renew the declaration that such an event would compel Russia to modify its attitude in accordance with the circumstances.

"The fourth point requires no comment.

*"ST. PETERSBURG,**"October 15/28th, 1900."*

UNITED STATES

*"Mr. Hay to Lord Pauncefote**"Department of State, WASHINGTON,**"October 29, 1900."**"EXCELLENCY,*

"I have the honour to acknowledge the receipt of your note of the 23rd October, inclosing the text of an Agreement between Great Britain and Germany relating to affairs in China, which was signed in London on the 16th instant by the Marquess of Salisbury and the German Ambassador, on behalf of their respective Governments, and inviting the acceptance by the United States of the principles recorded in that Agreement.

"These principles are—

"1. It is a matter of joint and permanent international interest that the ports on the rivers and littoral of China should remain free and open to trade, and to every

other legitimate form of economic activity for the nationals of all countries without distinction, and the two Governments agree on their part to uphold the same for all Chinese territory so far as they can exercise influence.

"Her Britannic Majesty's Government and the Imperial German Government will not on their part make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions, and will direct their policy towards maintaining undiminished the territorial condition of the Chinese Empire."

"The United States have heretofore made known their adoption of both these principles. During the last year this Government invited the Powers interested in China to join in an expression of views and purposes in the direction of impartial trade with that country, and received satisfactory assurances to that effect from all of them. [See MACMURRAY, vol. I, p. 221. Cf. also *China, No. 2 (1900)*: "Correspondence with the United States Government respecting Foreign Trade in China (the Policy of the 'Open Door.')""] When the recent troubles were at their height, this Government, on the 3rd July, once more made an announcement of its policy regarding impartial trade and the integrity of the Chinese Empire, and had the gratification of learning that all the Powers held similar views. And since that time the most gratifying harmony has existed among all the nations concerned as to the ends to be pursued, and there has been little divergence of opinion as to the details of the course to be followed.

"It is therefore with much satisfaction that the President directs me to inform you of the full sympathy of this Government with those of Her Britannic Majesty and the German Emperor in the principles set forth in the clauses of the Agreement above cited.

"The third clause of the Agreement provides—

"3. In case of another Power making use of the complications in China in order to obtain, under any form whatever, such territorial advantages, the two Contracting Parties reserve to themselves to come to a preliminary understanding as to the eventual steps to be taken for the protection of their own interests in China."

"As this clause refers to a reciprocal arrangement between the two High Contracting Powers, the Government of the United States does not regard itself as called upon to express an opinion in respect to it.

"I have, &c.,
"JOHN HAY."

In connection with this agreement, see also the understanding between the British and German banking groups in regard to railway interests in China, as set forth in the following transcript from *China No. 1 (1899)*, p. 211:

Anglo-German Bankers' Arrangement regarding Spheres of Interest in Railway Construction.—September 2, 1898

"Hongkong and Shanghai Banking Corporation to Foreign Office.—(Received September 3.)

"31, Lombard Street, LONDON,

"Dear Mr. Bertie,

"September 3, 1898.

"As requested I now beg to hand you a copy of the Minutes of the meetings held between M. von Hansemann and ourselves.

"In case it may interest you, I also enclose copy of the telegram I have sent to our people in the East regarding our arrangement with Germany.

"I remain, &c.

: s : EWEN CAMERON.

"Inclosure 1

"Minutes of Meetings held at New Court, St. Swithen's Lane, London, on the 1st and 2nd September, 1898.

"Present:

"Representing the German Syndicate—

"M. A. von Hansemann.

"Representing the British and Chinese Corporation (Limited)—

"Mr. W. Keswick.

"Representing the Hongkong and Shanghai Banking Corporation—

"Mr. Ewen Cameron.

"Mr. Julius Brussel.

"M. VON HANSEMANN proposed the following, viz.:

"It is desirable for the British and German Governments to agree about the sphere of interest of the two countries regarding the railway constructions in China, and to mutually support the interest of either country."

"This proposal was agreed to.

"The following proposal of M. von Hansemann regarding the British and German spheres of interest for applications for Railway Concessions in China, viz.:

"1. British sphere of interest, viz.:

"The Yangtsze Valley subject to the connection of the Shantung lines to the Yangtsze at Chinkiang; the provinces south of the Yangtsze; the Province of Shansi with connection to the Peking-Hankow line at a point south of Chengting and a connecting line to the Yangtsze Valley, crossing the Hoangho Valley.

"2. German sphere of interest, viz.:

"The Province of Shantung and the Hoangho Valley with connection to Tien-tsin and Chengting, or other point of the Peking-Hankow line, in the south with connection to the Yangtsze at Chinkiang or Nanking. The Hoangho Valley is understood to be subject to the connecting lines in Shansi forming part of the British sphere of interest, and to the connecting line to the Yangtsze Valley, also belonging to the said sphere of interest."

"Was agreed to, with the following alterations, viz.:

"The line from Tien-tsin to Tsinan, or to another point on the northern frontier of the Province of Shantung, and the line from the southern point of the Province of Shantung to Chinkiang to be constructed by the Anglo-German Syndicate (meaning the German Syndicate on the one part, and the Hongkong and Shanghai Banking Corporation and the British and Chinese Corporation (Limited) on the other part), in the following manner, viz.:

"1. The capital for both lines to be raised jointly.

"2. The line from Tien-tsin to Tsinan, or to another point on the northern frontier of the Province of Shantung, to be built and equipped and worked by the German group.

"3. The line from the southern point of the Province of Shantung to Chinkiang to be built and equipped and worked by the English group.

"4. On completion, the lines to be worked for joint account."

"So far the Minutes of the proceedings of the meetings, and it is further agreed upon that neither the German group nor the English group will be bound to construct the lines assigned to their sphere unless the Shantung lines be constructed simultaneously.

"London, September 2, 1898.

"Approved and signed by—

"A. VON HANSEMANN,
"W. KESWICK,
"EWEN CAMERON,
"JULIUS BRUSSEL.

"P. S.—Wherever the term 'Valley' is used it means 'Flussgebiet,' the signification of which is the districts through which streams flow into the Yangtsze or Hoangho.

"(initialed) A. VON H.
W. K.
E. C.
J. B."

No. 7

GERMANY AND CHINA

*Exchange of Notes embodying an Agreement for the Construction of a Railway from Kaomi to Hanchuang, and of the so-called Tsinanfu-Shuntehfu Railway.*¹—December 31, 1913

THE GERMAN MINISTER TO THE CHINESE MINISTER FOR FOREIGN AFFAIRS

I have the honour to state that after many discussions between the German Minister and the Chinese Ministers of Foreign Affairs and Communications, the German Government and the Chinese Government, with a view to solving the Railway Question in Shantung Province, have now agreed upon the following stipulations concerning the two railway lines from Kaomi to Hanchuang and from Tsinanfu to Shun-tehfu:

1.—The Chinese Government undertakes to construct a Government railway through Shantung Province. This railway will start from Kaomi and, passing through Ichowfu and I-Hsien, will terminate at Hanchuang there connecting with the Tientsin-Pukow Railway. If, after the selection of the route, it should be found that engineering difficulties prevent the junction of the two railways in Hanchuang, another place will then be selected for the junction. Immediately after the signing of the Loan Agreement, work will be started on this line and must be continued until entire completion.

So long as no obstacle arises and there is no delay or default in paying over the loan instalments, the work shall on no account be interrupted.

2.—The Chinese Government undertakes to construct a Government railway from Tsinanfu to the Peking-Hankow Railway. This railway will start from Tsinanfu and will terminate in a place between Shun-teh-fu and Hsin Hsiang Hsien.

3.—The following conditions have been agreed upon in regard to the two above-mentioned railway lines:

(a) The Chinese Government will entrust the construction work to a German firm. German capital and materials of German make will be utilised, while a German Engineer in Chief will be engaged to supervise the work.

(b) The German firm which undertakes the work will be selected by the Chinese Government. The German Government will submit the names

¹ MACMURRAY, vol. II, p. 1094; translation from the Chinese version.

In connection with this agreement see the final agreement concerning these lines, dated June 24, 1914, the text of which is not available, but a summary of which is printed in *The Far Eastern Review*, June, 1914, p. 18. See also the convention for the lease of Kiaochow, March 6, 1898 (No. 1, *ante*), and regulations for the Kiaochow-Tsinanfu Railway, March 21, 1900 (No. 4, *ante*). See note to this document, *post*, p. 65.

of several German firms competent to undertake such work and the Chinese Government will make the selection from among them.

(c) The Chinese Government declares that in regard to the construction of these two railways the German Government will be accorded the same terms and conditions as are embodied in the Railway Loan Agreement entered into with the Belgians on September 24th, 1912.¹ This means that a German Traffic Manager, a German Engineer-in-Chief and a German Chief Accountant will be engaged. After the construction is completed, so long as the loan agreement remains in force these officers will continue in service. They should send in their reports on all matters to the Ministry of Communications through a Chinese official, as these railways are under the control of the Ministry.

(d) The Chinese Government does not wish that the German Engineer-in-Chief should have the additional work of auditing the expenditure from the loan funds and is willing to engage a German auditor for this work.

(e) The Chinese Government declares again to the German Government that if hereafter Railway Loan Agreements are made between the Chinese Government and any other country wherein the terms and conditions concerning the construction and traffic management are more favourable than the terms and conditions mentioned in the foregoing, the same privileges will be accorded to these two railways.

4.—The German Government restores to the Chinese Government all the special privileges contained in the Preliminary Agreement concerning the two railway lines from Chengting to Haichow and from Kaifengfu to Yenchowfu but it should be distinctly understood that in regard to the line from Kaifengfu to Yenchowfu all the common privileges provided in Article 3 of the Kiaochow Treaty of March 6, 1898, are to be retained.

5.—After the exchange of despatches concerning the above arrangements, the German Government will forward another despatch sanctioning the Mining Agreement agreed upon in Tsinanfu by the Shantung Government and the Shantung Mining Company on July 24th, 1911.²

With the exception of the railway already constructed from Kiaochow to Tsinanfu, the German Government will cancel all rights of railway construction provided in Clause 1, Article 2 of the Kiaochow Treaty of March 6, 1898.

I (the German Minister) sign this despatch and exchange it with Mr. Sun Pao Chi, the Chinese Minister of Foreign Affairs, for a despatch of the same language and meaning, such exchange to be held as a proof of the arrangements aforesaid having been agreed upon by both parties.

¹ That is, the Lung-Tsing-U-Hai Railway (MACMURRAY, vol. II, p. 976).

² Translation printed in note to the agreement for the Shantung German-Chinese Mining Company, March 21, 1900 (No. 5, *ante*).

Note

An official statement issued by the Japanese Government on October 1, 1918, of which the report given in the *Japan Advertiser* of October 2, 1918, is reproduced in full in MACMURRAY, vol. II, p. 1054 (note to No. 1913/9), announced that an agreement had recently been made between the Japanese and Chinese Governments for the construction of the railways from Tsinantu to Shuntehfu, and from Kaomi to Hsuchowfu, at an estimated cost of Yen 70,000,000, of which Yen 20,000,000 would be furnished to the Chinese Government by the Japanese Syndicate as an advance loan. For the preliminary contract of September 24, 1918, see No. 13, *post*.

In reference to these railway concessions the *Peking Leader* of November 28th reported that in reply to an interpellation of the Chinese House of Representatives on the subject of the establishment by the Japanese military authorities of a civil Administration in Shantung (as to which consult Note 1 to the Japanese declaration of war against Germany, August 23, 1914, *post*, page 66), the Chinese Cabinet had made the following statement:

"In regard to this question (the abolition of Japanese civil offices in Shantung) both the Ministry of Foreign Affairs and Chang Chung-hsiang, Chinese Minister to Tokyo, have been negotiating with the Japanese Government for some time. The latter refused to yield; hence no result was reached until now. In the interests of the people the Government tried its best to solve the question at an early date. So in February last after consultations with the Tuchun of Shantung, we decided to open Weihshien as a commercial port as a measure to settle the question. Then began the confidential negotiations between the Waichiao Pu and Baron Hayashi, the Japanese Minister. At the same time our Minister to Tokyo was also instructed to take up the matter directly with the Japanese Government. But the latter delayed the solution and gave us no definite reply. Later, in September when the Government approached Japanese capitalists for a loan for the construction of a railway from Tsinan to Shunteh and another one from Kaomi to Hsuchow we instructed Minister Chang telegraphically to lay a claim before the Japanese Government regarding the abolition of Japanese civil offices in Shantung and the withdrawal of Japanese troops along the Kiaochow-Tsinan Railway in return for the privileges to be conceded to Japan in connection with the contracting of loans mentioned above. After that Minister Chang resumed the negotiations with the Japanese and as a result official documents were exchanged between him and the Japanese Foreign Office. As soon as the provisions stipulated in the document have been put in force all the Japanese civil offices in Shantung will be abolished," etc.

No. 8

JAPAN

*Imperial rescript making a declaration of war against Germany.*¹—
August 23, 1914

We, by the Grace of Heaven, Emperor of Japan, on the throne occupied by the same Dynasty from time immemorial, do hereby make the following proclamation to all Our loyal and brave subjects:

We, hereby, declare war against Germany and We command Our Army and Navy to carry on hostilities against that Empire with all their strength, and We also command all Our competent authorities to make

¹ MACMURRAY, vol. II, p. 1153; translation, as printed in the *London Times* (weekly edition) of August 28, 1914, from the official Japanese text. See Note 1 to this document, *post*, p. 66.

every effort in pursuance of their respective duties to attain the national aim within the limit of the law of nations.

Since the outbreak of the present war in Europe, the calamitous effect of which We view with grave concern, We, on our part, have entertained hopes of preserving the peace of the Far East by the maintenance of strict neutrality but the action of Germany has at length compelled Great Britain, Our Ally, to open hostilities against that country, and Germany is at Kiaochau, its leased territory in China, busy with warlike preparations, while her armed vessels, cruising the seas of Eastern Asia, are threatening Our commerce and that of Our Ally. The peace of the Far East is thus in jeopardy.

Accordingly, Our Government, and that of His Britannic Majesty, after a full and frank communication with each other, agreed to take such measures as may be necessary for the protection of the general interests contemplated in the Agreement of Alliance, and We on Our part, being desirous to attain that object by peaceful means, commanded Our Government to offer, with sincerity, an advice to the Imperial German Government.¹ By the last day appointed for the purpose, however, Our Government failed to receive an answer accepting their advice.

It is with profound regret that We, in spite of Our ardent devotion to the cause of peace are thus compelled to declare war, especially at this early period of Our reign and while we are still in mourning for Our lamented Mother.

It is Our earnest wish that, by the loyalty and valour of Our faithful subjects, peace may soon be restored and the glory of the Empire be enhanced.

Note 1

In connection with this, consult the declaration of war against Germany by the Chinese Government, August 14, 1917 (MacMURRAY, vol. II, p. 1361), particularly the footnote in reference to the previous neutrality of China.

Reuter's agency reported from Vienna on August 25, 1914, that the Austro-Hungarian Government had that day declared war against Japan (London Times—weekly edition—August 28, 1914).

As the result of military operations by a joint Japanese and British force against the German leased territory of Kiaochow, the German and Austrian forces defending Tsingtao surrendered on November 7, 1914.

During the course of the military operations against the Kiaochow leased territory, Japanese forces entered into military occupation of the whole line of the Shantung Railway, between Kiaochow and Tsinanfu.

In the *Claim of China for direct restitution to herself of the Leased Territory of Kiaochow*, etc., presented to the preliminary Peace Conference at Paris by the Chinese Delegation in February, 1919, is printed the following correspondence between the

¹ See Note 2 to this document, *post*, p. 81.

Chinese Foreign Office and the Japanese Legation at Peking in reference to these military activities beyond the area of actual hostilities:

Correspondence between the Chinese Foreign Office and the Japanese Legation at Peking regarding Military Activities beyond the Area of Hostilities

"The Ministry of Foreign Affairs to the Diplomatic Representatives at Peking Respecting Declaration of War Zone"

"Peking, September 3rd, 1914:

"YOUR EXCELLENCY,

"As all the belligerents engaged in the present European war maintain friendly relations with our country, our Government has decided to declare neutrality and maintain the same with all efforts. Reports from the local authorities in the Province of Shantung have repeatedly stated that German troops have been engaged in military preparations in and near Kiaochow Bay, and that the Japanese and British Allied troops have begun also military operations in Lungkow and in places near Kiaochow Bay and Laichow. It is very unfortunate that Germany, Japan and Great Britain, friends of our country, have committed such altogether unexpected acts within our territory, creating an extra-ordinary situation analogous to the Russo-Japanese acts of hostility in Liao-tung Peninsula in the year of 1904. The only way open to us is to follow that precedent, to declare that so far as concerning Lungkow, Laichow and places adjacent to Kiaochow Bay within the narrowest possible limits absolutely necessary for military operations of the belligerent troops, our Government will not be wholly responsible as a neutral state; while in all other places within our territory, the Law of Neutrality which has already been promulgated shall remain in full force. However, within the districts as designated above, the administration as well as territorial jurisdiction, the safety of the inhabitants and the functionaries, public and private properties shall be fully respected by the belligerent states.

"While the above is communicated to all other belligerent States, I request Your Excellency to have the goodness of transmitting the same to your Government.

"Signed: SUN PAO-CHI."

"Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking protesting against violation of neutrality"

"September 27, 1914.

"YOUR EXCELLENCY,

"A telegram received from the local authorities in the Province of Shantung states that over four hundred Japanese soldiers have arrived at Weihsien and taken possession of the railway station.

"When the Japanese and British Allied Troops needed a military passage in order to attack Kiaochow, our country was obliged to prescribe a war zone, and also declared that Japan and Great Britain should at the same time observe strictly China's neutrality outside the zone. On the 7th of September, a despatch received from your Government stated that your Government understood, with some difficulty, what our Government meant in that declaration. This ministry further declared that the railroad from Weihsien to Chinan should be under Chinese protection, and through Your Excellency we requested your Government to issue an order prohibiting your troops from advancing to Weihsien or to any place west of Weihsien. But now the troops of your country have forced their way into Weihsien and taken possession of the railway. Considering that the railroad belongs to a Sino-German Corporation, that all the railway stations have also been under Chinese protection, and in none of them has there ever been any German troop, and that Weihsien is in the purely neutral territory; the acts committed by the troops of your country are manifestly contrary to the declaration and in violation of China's neutrality.

"Therefore, we request Your Excellency to transmit this note to your Government, and ask your Government to order by telegraph the withdrawal of the troops, and the restoration of the railway stations. Such acts should never be allowed to be repeated again, in order that international faith, as well as the law of neutrality be observed.

"We wish that you will favour us with a reply.

"Signed: SUN PAO-CHI."

"First Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking protesting against the Occupation of the Kiaochow-Chinan Railway, September 30th, 1914

"September 30, 1914.

"YOUR EXCELLENCY,

"Regarding the occupation of Weih sien by Japanese troops and the violation of China's neutrality, a despatch was sent to your Government, together with a memorandum on the 27th instant. On the 28th, the next day, Your Excellency came to the Ministry and stated that the troops of your country would soon take possession of the Kiaochow-Chinan Railway, whereupon we immediately and emphatically replied that we could not accept the reasons you advanced therefor. As it is a matter of grave importance, I hereby specially make a formal protest.

"The Kiaochow-Chinan Railway has been constructed and operated jointly by Chinese and German capitalists, and this is clearly provided in Section II of the Kiaochow Convention and in Article I of the Kiaochow-Chinan Railway regulations. It thus becomes clear that the railway is not only the private property of the German merchants, but also partly owned by the Chinese capitalists. To regard this line as the public property of the German Government is, therefore, a fundamental mistake. It is a settled principle that even the public property of a belligerent, while on a neutral territory, can not be attacked, or taken possession of by the other belligerent, much more so in the present case when the property in question is jointly owned by Chinese and German capitalists. How can your Government have the least pretext for taking possession of it? It has been a long while since the troops of your country have begun to attack Tsingtao, and the German troops in Tsingtao have been isolated, rendered helpless, and entirely and long ago cut off from communication through the Kiaochow Railway. Not only our Government will never allow the Germans to make use of the line, it is actually beyond their power to make use of it. Therefore, the contemplated action of your country is decidedly not a case of military necessity.

"When the Japanese and British troops directed a joint attack upon Kiaochow Bay, our Government was obliged to prescribe a special zone. But outside of the zone we are determined to maintain strict neutrality, which should be respected by all the belligerents. This has been declared by our Government, and accepted by your Government. As to the protection by our Government of the railway from Weih sien to Chinanfu, the Ministry also made a special declaration, which was accepted by Your Excellency. Now, greatly to our surprise, the troops of your country have, without any justification, occupied the station in Weih sien, and intimated their intention to advance westward, and Your Excellency has even informed the Ministry that they will occupy the whole railway. Our Government is obliged to regard both the contemplated and accomplished acts as contrary to our previous understanding, as a violation of China's neutrality, and as a breach of international law.

"Therefore, we make this formal and solemn protest and request, through Your Excellency, your Government for the sake of maintaining international relations to order the troops outside the prescribed area to be withdrawn as soon as possible.

"We wish that Your Excellency will favor us with an immediate reply.

"Signed: SUN PAO-CHI."

"The Japanese Minister at Peking to the Ministry of Foreign Affairs respecting the Protest against the Occupation of the Kiaochow-Chinan Railway, October 2nd, 1914

"October 2, 1914.

"YOUR EXCELLENCY,

"I have the honour to say that I have duly received your despatches of September 27th and September 29th in which your honourable Ministry made protests regarding the occupation of the Weih sien Railway station by the troops of our country. These communications along with the request for your approval, which I made, under instructions from my Government to your honourable Minister in person on September 28th, for the transfer of that part of the railway between Weih sien and Chinan to the control and management of my country, were telegraphically sent to my Government. Instructions have now been received from my Government this day, and I have the honour to reproduce the same for your perusal, as follows:

"In pursuance of the policy of the Imperial Government to definitely uphold the peace of the entire Far East, and for the purpose of weakening the fundamental influence of Germany in the said region, the Japanese-German War was declared. The War now declared has for its aim not only the attack on the men-of-war and forts of the enemy in the leased territory of the Kiaochow Bay, but also the elimination of the base of German activities in the Far East, which aim has been repeatedly communicated to the Government of China, and, we hope, has been clearly understood.

"Regarding the Shantung Railway, it was the outcome of the Treaty of lease of the Kiaochow Bay between Germany and China in the year 1898. It was in consequence of this Treaty that Germany secured the right of building this railway, the Company of which is entirely under the control of the German Government, and its nature is public and in no way different from a purely German Company. It is of the same character as the leased territory. This fact is beyond dispute, in view of its origin, the special charter given by the German Government and the way in which the Company draws its funds.

"Moreover a railway from its very nature positively cannot be treated one part separately from the other. Although one part of this German owned railway is situated west of Weihshien, it cannot be held as having changed its character on the ground that a part remains in neutral territory. Besides, the aim of the Imperial Government is not only to overthrow the base possessed by the enemy, but also to cause the control and administration of this indivisible railway to fall into our possession. In view of the War this does not seem to be beyond propriety. It is, therefore, not necessary to secure the approval of the Chinese Government as to the execution of this principle. But in order to avoid misunderstanding, we have made friendly request for approval regardless of the urgency of the situation. It is surprisingly beyond the comprehension of the Imperial Government for the Chinese Government to be suspicious of Japan's every movement. We regret for such a condition.

"Regarding the points misunderstood by Chinese Government, as shown in the two documents, we point out as follows:

"1° Whether the Shantung Railway is a German railway or a joint-interest railway can be determined substantially by the special permit given by Germany. As to the governmental nature of the said railway, there can be no doubt, in view of what has been said above.

"2° If the Shantung Railway cannot be held as being the property of a neutral, how can it be said of our violating neutrality if it is transferred to our control? Now, China, in consequence of the delimitation of the war zone, suggests to change simultaneously the nature of the Shantung Railway. The Imperial Government cannot see the reason why China should do so. Furthermore, the question of delimiting the war zone and the question of the nature of the Shantung Railway, as well as its control and administration, are clearly separate questions which cannot be amalgamated into one.

"3° Although the Chinese Government holds that under the present condition the Shantung Railway cannot be utilized by the German troops in view of its severance with Chinan, yet from the attacking troops' point of view, the Railway being immediately behind Tsingtao, and in view of the present situation, it is a serious danger to the military operations to leave the railway owned by the enemy perfectly free. We are, therefore, compelled to secure the railway by all means. Moreover, the Chinese Government has often failed to stop the assistance of the enemy on this railway, of which there are many examples.

"4° In the documents the Chinese Government emphatically declared its readiness to protect the railway between Weihshien and Chinan, which declaration is said to have been agreed to by our Government. The Imperial Government likes to be informed as to what this refers to.

"Signed: НЮКИ ЕКИ."

"Second Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking protesting against the Occupation of the Kiaochow-Chinan Railway, October 9th, 1914

"Peking, October 9th, 1914.

"YOUR EXCELLENCY.

"I have the honour to acknowledge the receipt of your despatch dated the 2nd instant, of which I have taken notice. But our Government cannot concur in the explanation made by your Government of the occupation of the Kiaochow-Chinan Railway.

"1. That the Kiaochow-Chinan Railway is private property is beyond any doubt. In Article 2 of Sec. II of the Kiaochow Convention there is the express provision that 'in order to carry out the above-mentioned railway construction a Sino-German Company

shall be formed'; and in Article I of the Regulations made in 1899 respecting the joint construction and maintenance of the Kiaochow-Chinan Railway, it is stated that the construction and maintenance of the Railway shall be undertaken by a Sino-German Company. All these stipulations show very clearly that the railway is a joint stock enterprise of Chinese and German merchants. In our despatch to Your Excellency on September 29th, we mentioned the above two points, to which we call Your Excellency's attention; but in your reply we fail to see why no reply was made to these two points. If you wish to ascertain the real and definite nature of that railway—whether it is public or private property—those two points are essential to the solution of the question; and yet they have apparently been disregarded. We really fail to discover any reason for such a disregard.

"2. The protection by our Government of the railway from Weih sien to Chinan is at the same time a matter of our right and duty. The concurrence of your Government on this matter is, strictly speaking, quite unnecessary. It was simply out of extra caution that more than once we made oral declarations to that effect before Your Excellency, and instructed by telegraph our Minister at Tokyo, M. Lou Tsung-yu, to make the same declaration to your Government. Since your Government did not express any objection thereto, we have certainly the right to conclude that your Government have tacitly and justly recognized our rights and duty.

"3. During the present unfortunate war, our Government has acted in accordance with international law and maintained strict neutrality, particularly we have paid special attention to Shantung affairs. Your Government in the above-mentioned reply alleged that our Government was unable to prevent acts contributing to strengthen the position of your enemy from being done on the railway. From such an allegation, we strongly dissent; and, as there is no evidence produced, we do not know to what your Government referred.

"4. Tsingtao has been isolated and rendered helpless; the Kiaochow-Chinan Railway has been guarded by our troops and police in the section of 400 li west of Weih sien, and by the troops of your country in the other section of 300 li east of Weih sien; and, in fact, Tsingtao is so surrounded by the besieging troops that no possible assistance can be expected from outside. And yet your Government said that the situation would be extremely dangerous, unless that portion of 400 li west of Weih sien was occupied by the troops of your country. In fact, we fail to see where lies the danger.

"5. Your country has announced that its declaration of war against Germany was for the purpose of preserving peace in the Far East. Therefore, only the disarmament of German War-vessels and the restoration of Kiaochow have been proclaimed. We have never heard of the so-called elimination of the base of German activities in the East. But the action sought to be justified in such vague terms has resulted in the violating of China's neutrality, and in the occupation of property within the territory of a friendly nation—property partly owned by neutral merchants. This is entirely inconsistent with the previous declaration of your Government.

"Finding the situation extremely regrettable, we are obliged hereby again to make a strong protest in the hope that your Government will, in compliance with our request made in the note of September 29th, withdraw all the troops outside the prescribed area, in conformity with the declared principle and observance of the law of neutrality.

"Signed: SUN PAO-CHI."

"First Note from the Ministry of Foreign Affairs to the British and Japanese Ministers at Peking, notifying the Cancellation of the War Zone, January 7th, 1915"

"Peking, January 7th, 1915.

"YOUR EXCELLENCY,

"On September 3rd, 1914, it was communicated to Your Excellency, that, as Great Britain, Japan and Germany were making military preparations in and near Kiaochow, Lungkow and Laichow, and as all the belligerents are friends to China, our Government was obliged to follow the precedent established during the Russo-Japanese War, of delimiting a minimum area absolutely necessary for military actions of the troops of both parties to the war, and that so far as the delimited area was concerned, we would not hold ourselves wholly responsible as a neutral State.

"Now, as the hostilities have ceased, and all military preparations have been entirely withdrawn, it is clear that there will be no more occasion to use Lungkow or the places near Kiaochow for military actions. It is, therefore, hereby declared that all the previous communications relating to the delimitation of the war zone shall be cancelled, and that the original status of the said area restored.

"Wherefore I request, through you, Your Excellency, that your Government, in order to respect the neutrality of China, withdraw all the troops, if there is still any, from the said area.

"Signed: SUN PAO-CHI."

"Note from the Japanese Minister at Peking to the Ministry of Foreign Affairs refusing to recognize the Cancellation of the War Zone, January 9th, 1915"

"Peking, January 9th, 1915.

"YOUR EXCELLENCY,

"I have the honour to acknowledge the receipt of your note of January 7th stating: that as Great Britain, Japan and Germany were making military operations in Kiaochow, Lungkow and Laichow the Chinese Government acting upon the precedent set during the Russo-Japanese War has delimited a minimum area necessary for the movement of troops and for the use of the troops of the belligerent States and that now as the hostilities have ceased and the military measures will naturally be all withdrawn it is clear that there will be no more necessity of using the said area, and therefore all the previous communications relating to delimiting the exceptional area be cancelled, its original status be restored, and the Japanese troops be all withdrawn.

"The contents of the above note were immediately reported to our Government, from which a telegraphic instruction has now been received which states:

"When your Government brought up the matter in question for diplomatic discussion, the Imperial Government declared that a reply would be given sooner or later, and also courteously gave the reason why the reply was delayed; but your Government has ignored all the diplomatic negotiations in the past and now of a sudden performs an act, improper, arbitrary, betraying, in fact, want of confidence in international good faith and regardless of friendly relations. We cannot acquiesce therein under any circumstance.

"The Imperial Government deems it necessary to declare that even if your Government actually cancels the communications concerning the creation of a war zone, the Imperial Government would not permit the movement and actions of their troops within a necessary period to be affected or restricted by such act of cancellation.

"This above are my instruction which I have the honour to communicate to Your Excellency's Government.

"Signed: HIOKI EKI."

"Second Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking respecting the Cancellation of the War Zone, January 16 1915"

"YOUR EXCELLENCY,

"In reply to your note of the 9th of January, I regret to say that there exists much misunderstanding.

"When Japan, Great Britain and Germany, friends of China, were making military preparations within Chinese territory, our Government, in view of the extra-ordinary situation, declared that Lungkow and places near Kiaochow, within the narrowest possible limits, and absolutely necessary for the operations of the troops of the belligerent States, to be temporarily a special area within which we shall not be responsible as a neutral State. This step was taken with a view to maintaining international friendship on the one hand, and meeting the necessity of the international situation on the other. We made that special declaration because we considered it necessary, and not because we had any agreement to that effect with the belligerent States. As our declaration was an independent act, so now we cancel it in an equally independent way—there being no necessity at all to secure the concurrence of any party. It is really difficult to see how you can consider our declaration to cancel the special area arbitrary or inappropriate. Two months have elapsed since the capture of Tsingtao: the basis of German military preparations has been destroyed, the troops of Great Britain have already been, and those of your country, gradually withdrawn. This shows clearly that there is no more military action in the special area, and that the said area ought to be cancelled admits of no doubt. It is just because of our due regard for international confidence and friendship that our Government postponed a formal declaration to cancel what ought to have been cancelled already long ago. Furthermore, within the last two months, we have repeatedly reminded your Government of the desirability of an early withdrawal of your troops so as to effect a restoration of order. Notwithstanding all this, the matter

still remains unsettled today. The molestation in these localities and the sufferings of the inhabitants, coupled with the fact that the port of Tsingtao has already been opened without any more hindrance, have led our Government to think that time is opportune for cancellation, and to wait any longer would be simply unreasonable; and after careful deliberation, we finally decided to make a declaration to cancel the said prescribed area. So far as international confidence and friendship is concerned, we have nothing to regret on our part. Moreover at the outbreak of the hostilities, your Government declared the preservation of peace in the Far East to be their object. Now, our declaration to cancel the prescribed zone has also been made out of our sincere belief in and respect for the principle which your Government has been cherishing. That such a declaration should be deemed as tending to impair international confidence and friendship, is really beyond our comprehension.

"In short, we prescribed a special area simply because there existed a special situation created by the acts of the belligerent States. Now, as there is no longer any such special situation, the *raison d'être* for the prescribed area ceases to exist. As efforts have always been made to effect an amiable settlement of affairs between your country and ours, it is our earnest hope that your Government will act upon the principle of preserving peace in the Far East, and of maintaining international confidence and friendship which is really an appropriate and well-meant act—so that there shall be no further misunderstanding and that a state of complete neutrality in the said area should be restored.

"We shall be much obliged, if you will be so good as to transmit this reply to your Government.

"Signed: SUN PAO-CHI."

The British contingent which had participated in the attack was withdrawn after the capture of Tsingtao, leaving the leased territory in the exclusive military occupation of the Japanese forces. On November 19, 1914, the Japanese military administration in the Kiaochow leased territory issued the following regulations (as translated in the *Manchuria Daily News* of December 7, 1914):

Regulations of Japanese Military Administration of Kiaochow.—November 19, 1914

"1.—The Japanese occupied district is divided into the two administrative districts of Tsingtao and Litsun, and a military administration office is established in each district.

"2.—A military administrator assumes control of the affairs pertaining to the military administration office.

"3.—A military administrator is charged with the restoration of public order in the administrative district and the safeguarding of life and property therein.

"4.—A military administrator is expected to respect the existing laws in his district as far as it does not interfere with absolute necessity. As regards matters of greater importance, he shall ask for directions of the Divisional Commander (Commander of the Tsingtao Garrison).

"5.—A military administrator shall take all practicable measures in order to respect the honour and rights of homes, individual life, private properties, freedom of religion, and religious observances in his district.

"6.—A military administrator may levy taxes and public rates subject to the approval of the Divisional Commander. The regulations hitherto in force shall be adopted as far as possible.

"In order to meet the need of military administration, a military administrator may impose special assessments subject to the approval of the Divisional Commander.

"7.—A military administrator may give effect to self-government according to the lower administrative sections as hitherto in existence and subject to the approval of the Divisional Commander when the conditions prevailing in the sections concerned warrant such step.

"8.—A military administrator shall hand over to court or a provisional court-martial offenders against the military laws and regulations in his district for examination and judgment.

"9.—As regards matters mentioned above, a military administrator shall be guided by the precedents of international law."

For the provisional customs regulations proclaimed by the military administration, December 28, 1914, see the Agreement for the reopening of the Chinese maritime customs office at Tsingtao, August 6, 1915 (No. 10, *post*).

The following regulations in regard to the lease of private property in the zone of the military administration were issued as Military Notification No. 5 on January 26, 1915:

Notification regarding Lease of Private Property in Zone of Military Administration.—January 26, 1915

[Translation from Japanese]

"ARTICLE 1. Any one who wishes to lease land that is private property in the zone of the military administration is required to present the application to the military administration signed by the landowner and applicant together stating the following points and to obtain the sanction thereof:

- "(1) Purpose for which the land is to be used.
- "(2) Size and dimensions of the land.
- "(3) Period of the contract.
- "(4) Locality, number of the lot, and general map indicating the situation of the land.

"(5) Name and address of the landowner.

"(6) Rents of the land.

"ART. 2. Any one who wishes to build a house or do any kind of work on land that is private property in the zone of the military administration is required to present the application to the military administration stating the following points and obtain the sanction thereof.

- "(1) Object of building the house or performing the work.
- "(2) Locality, number of the lot, and general map indicating the situation.
- "(3) General plan and outline of the specification.
- "(4) Name and address of the landowner, if it is leased land."

Regulations for the lease of land in the Japanese temporary settlement in Tsingtao were also issued on January 26, 1915, as follows:

Regulations for Lease of Land in Japanese Temporary Settlement at Tsingtao.—January 26, 1915

[Translation from Japanese]

"ARTICLE 1. The land to be leased is located to the west of the Tsingtao Railway station, as indicated on the map attached.

"ART. 2. Any one who wishes to lease land must be a respectable Japanese, and must desire to lease the land for one of the following objects:

- "(a) To erect a building for the public works or enterprises.
- "(b) To build a house to transact business not interfering with public welfare, or to live in.

"ART. 3. Any one who wishes to lease the land is required to present an application to the military administration stating the number of the plot, area of the land, mentioning the object for leasing the land in question.

"ART. 4. The chairman of the military council will transfer the application to the chief of the military financial bureau with his own opinion on the subject after he has made the necessary investigations.

"ART. 5. The chief of the military bureau will inspect the papers presented to him, and send them back to the chairman of the military council with the contract.

"ART. 6. The chairman of the military council will hand over the contract to the applicant after he has registered it in the official roll after receipt of the rent and registering fee.

"ART. 7. Any one who leases the land must observe the following obligations:

"(a) To make the drainage, pavement and necessary arrangement for public sanitary arrangements along the front of the building which faces the street in accordance with the specifications made by the Government.

"(b) To make the landmark either of wood or stone, indicating the boundaries of the land leased.

"(c) To pay the land duty and all the public rates levied on the land, and be responsible for clearing the refuse, cleaning the drainage, sweeping and watering the street, and clearing the snow on the road front of the building.

"ART. 8. Registering fee and rents of the land are as follows:

Registering fee for one application, \$5.00 (five dollars).
Rents of the land monthly per "tsubo" (6 feet square).

1st class	5 sen.
2nd class	3 sen.
3rd class	2 sen."

"CONTRACT FOR THE LEASING OF LAND IN THE JAPANESE TEMPORARY SETTLEMENT IN
T'SINGTAO

"ARTICLE 1. The chief of the Tsingtao military bureau has made the following contract with Mr. _____, regarding the lease of land in the Tsingtao temporary settlement.

"ART. 2. The leased land is situated in lot No. — of the plot at the west of the Tsingtao Railway station. The rents of the land are — sen per "tsubo" (six feet square) monthly, and the rents for three months shall be paid in advance quarterly in March, June, September, and December. Rents for one month shall be paid for the month in which the contract is made or cancelled.

"ART. 3. The contract will become void if a leaseholder has not started building within three months from the date on which he has leased the land or completed the building within one year, and the rents of the land already paid will not be returned to him.

"ART. 4. The contract will be cancelled if the leaseholder has neglected the payment of the rents of the land.

"ART. 5. In case a leaseholder terminates his lease or the lease contract is annulled or cancelled, buildings on the land, if there are any, must be removed within the period fixed by the Government, if not so removed, the Government will effect the removal at the expense of the leaseholder or list them as the property of the Government.

"ART. 6. A leaseholder may not transfer his leasehold right to another person nor may he transfer rights in a building on the land without the sanction of the Government.

"ART. 7. When the building has been transferred to another person with the sanction of the Government, the person to whom the building is transferred will succeed to the rights and responsibilities of the leased land.

"ART. 8. The period of this contract is limited to three years. But when the term is expired, the contract may be carried forward on the mutual agreement of the two parties.

"To guarantee the fulfillment of the aforementioned articles, two copies of the contract will be signed and each of the parties will keep one of the signed copies.

"Date,
"The Chief of the Military Financial Bureau (signed)
"Leaseholder (signed)
"Address in Japan
"Present residence"

Regulations relative to prohibiting enemy trade were promulgated by Military Order No. 13 of the Tsingtau Military Headquarters, May 24, 1917, of which the translation is as follows:

Regulations relative to prohibiting Enemy Trade.—May 24, 1917

ARTICLE I. The term "enemy's countries" in the present rules shall be construed to include the countries which act in a manner hostile to the Allies, such as German Empire and others: the term "enemy's territory" shall be construed to cover all the enemy's land and the territory occupied by the enemy except those portions occupied by the Allies.

ART. II. Any transaction to which any of the following is a party or that is on behalf of any of the following, is prohibited:

- 1.—Enemy's country or countries.
- 2.—People of enemy's countries or legal persons thereof.

3.—Any person who resides or has a living place in an enemy's country or any person whose principal object is to carry on trade in said country.

4.—Any other person or persons who may be designated by the Commander of the Tsingtau Garrison.

ART. III. The above rules are not applied in the following cases:

1.—Transactions carried on by the persons mentioned in from number 2 to number 4 in Article II for everyday necessities in the Empire of Japan and in the territory occupied by the Empire.

2.—Transactions directly necessary in maintaining the offices of the legal persons in the Empire and in the territory occupied by the Empire which are mentioned in from number 2 to number 4 in the preceding article.

3. Transactions especially permitted by the Commander of the Tsingtau Garrison. Any person engaged in banking business, who desires to do transactions mentioned in the above paragraphs of number 1 and number 2 shall apply to the Commander of the Tsingtau Garrison for such permit.

Any person or persons desiring such permits shall apply to the Commander of the Tsingtau Garrison through the Military Administrator of Tsingtau stating the nature of the transaction, volume of the transaction, parties concerned, the place of the transaction and reason necessitating such transaction.

ART. IV. Any person desiring to import from an enemy's country, or countries, the products of such country, or goods coming from such country, excepting the following goods which are allowed, shall apply through the Military Administrator of Tsingtau to the Commander of the Tsingtau Garrison for such permit, stating the original name of the goods, their quantity, the place of purchase, the place of shipment and the destination:

1.—Goods for the use of the Imperial household.

2.—Dye material, chemicals for manufacturing uses and medicinal purposes.

3.—Books, newspapers and magazines.

4.—The personal effects and belongings of the head of a foreign country and of his suite visiting Japan and Tsingtau.

5.—Personal effects of travellers, professional tools and instruments. Only those are permitted which the Commander of the Tsingtau Garrison shall deem appropriate to the position of such a traveller.

6.—Household goods being moved. These must be the ones that have been used.

7.—Personal effects of foreign ambassadors, ministers and consuls and the articles for the official use of a foreign embassy, legation or consulate in Japan.

ART. V. The Tsingtau Military Administrator is empowered to issue orders relative to the execution of the present regulations when he deems such necessary.

ART. VI. Any person who violates or attempts to violate Article II or any person who has shipped or attempts to import, in violation of Article IV, shall be imprisoned for a period not exceeding one year or shall be penalized with a fine not exceeding Yen 200. Any person who violates orders relative to the present regulations is liable to imprisonment for not exceeding three months or to a fine not exceeding Yen 100.

ART. VII. When such a permit has been granted, but the grantee has acted contrary to orders or the conditions contained in such permit, or when the Commander of the Tsingtau Garrison deems it necessary, such a permit can be withdrawn.

ADDITIONAL RULES

ART. VIII. Article II will not be applied to a transaction which is based on a cause arising prior to the issuance of the present regulations and which has been permitted by the Commander of the Tsingtau Garrison. The same shall be true with respect to a transaction having its origin prior to the time when the countries and persons named in Article II acquired an enemy character. Paragraph 3 of Article III shall be applied to cases where a permit has been applied for on the strength of the preceding provision.

ART. IX. The present regulations shall go into effect from June 1, 1917.

By an imperial ordinance (No. 175) promulgated in the *Official Gazette* of October 1, 1917, the Japanese Government established regulations for the division of civil administration in the Tsingtau garrison, of which the translation is as follows:

**Regulations for Division of Civil Administration in Tsingtao Garrison.—
October 1, 1917**

"ARTICLE 1. A division of civil administration shall be established in the headquarters of the Tsingtao garrison.

"ART. 2. The division of civil administration shall have control of all administrative and judicial affairs with the exception of military administration.

"In order to manage the Shantung railway and the mines and wharfs connected therewith as well as the business incidental thereto a division of railway affairs shall be established; in order to manage the business of communications and to supervise electrical enterprises a division of communications shall be established. Each of these divisions shall be under the jurisdiction of the division of civil administration.

"The commander-in-chief of the Tsingtao garrison shall apportion the business of the division of civil administration.

"ART. 3. In order to apportion the business of the division of civil administration, offices of civil administration shall be established. Their location, names and spheres of jurisdiction shall be determined by the commander-in-chief of the military administration.

"ART. 4. The following officials shall be appointed in the division of civil administration:

Chief of the division of civil administration.....	of the <i>Chokunin</i> rank
Chief of the division of railway affairs.....	" " " "
Chief of the division of communications.....	" " <i>Sonin</i> "
Secretaries, thirteen to be specially appointed, of whom one may be of the <i>Chokunin</i> rank.....	" " " "
Engineers, twelve to be specially appointed.....	" " " "
Railway managers and engineers, twenty-six to be specially appointed	" " " "
Managers and engineers of communications, nine to be specially appointed.....	" " " "
Medical officers, fifteen to be specially appointed.....	" " " "
Pharmacists, two to be specially appointed.....	" " " "
Interpreters, three to be specially appointed.....	" " " "
Subordinates, engineers' assistants, medical assistants, and pharmacists' assistants, ninety-nine to be specially ap- pointed, and student interpreters.....	" " <i>Hannin</i> "
Railway subordinates, engineers' assistants and student inter- preters, three hundred and fifty to be specially appointed	" " " "
Subordinates in communications, engineers' assistants, and student interpreters, sixty-eight to be specially appointed	" " " "

"ART. 5. The chief of the division of civil administration shall supervise the business of civil administration under the direction of the commander-in-chief of the military administration.

"ART. 6. The chief of the division of railway affairs shall have charge of the business of railway affairs under the direction and supervision of the chief of the division of civil administration.

"ART. 7. The chief of the division of communications shall have charge of the business of communications under the direction and supervision of the chief of the division of civil administration.

"ART. 8. The secretaries, railway managers, and managers of communications shall apportion their work among themselves under the direction of their superior officers.

"ART. 9. The (positions of) chiefs of offices of civil administration shall be filled by secretaries, who shall manage the business of the offices of civil administration under the direction of the chief of the division of civil administration.

"ART. 10. When circumstances arise which prevent the chief of an office of civil administration from attending to his duties, an official who shall be designated by the chief of the division of civil administration shall act for him.

"The chief of an office of civil administration may cause an official under him to act for him temporarily in a part of his duties.

"ART. 11. Engineers, railway engineers, and communications engineers shall have charge of the engineering work under the direction of their superior officers.

"ART. 12. Medical officers shall have charge of medical work under the direction of their superior officers.

"ART. 13. Pharmacists shall have charge of pharmacy work under the direction of their superior officers.

"ART. 14. Interpreters shall have charge of interpreting under the direction of their superior officers.

"ART. 15. Subordinates, railway subordinates, subordinates in communications, engineers' assistants, railway engineers' assistants, engineers' assistants in communications, medical assistants, pharmacy assistants, student interpreters, railway student interpreters, student interpreters in communications shall perform their duties in office work, engineering, medical work, pharmacy work, or interpreting under the direction of their superior officers.

"ART. 16. Administrative and judicial policing shall be performed by the gendarmerie in a manner to be determined by the commander-in-chief of the military administration.

"In carrying out administrative and judicial policing the gendarmerie shall be under the direction of the chief of the civil administration and shall be subject to the orders of the chiefs of the offices of civil administration.

"ART. 17. The judicial affairs of the division of civil administration shall be performed by judge advocates and clerks to the judge advocates in the military administration in a manner to be decided by the commander-in-chief of the military administration.

"SUPPLEMENTARY RULES

"This ordinance shall be effective from the date of its promulgation.

"As for officials in the division of railway affairs, for the time being there shall be appointed a chief of the division of railway affairs, treated as an official of the *Chokunin* rank, railway secretaries, and engineers, treated as officials of the *Sonin* rank, subordinate railway officials, railway engineers' assistants, and student interpreters, treated as officials of the *Hannin* rank.

"As for officials in the division of communications, the positions shall be filled by officials in the department of communications who were appointed in accordance with Imperial Ordinance No. 7 of the 34th year of Meiji.

"If written orders of appointment are not issued specially to those who were in the service of the Tsingtao military garrison at the time this ordinance went into effect, military engineers shall be appointed as engineers in the division of civil administration of the Tsingtao garrison, subordinate officials in the army as subordinates in the division of civil administration of the Tsingtao garrison, military engineers' assistants as engineers' assistants in the division of civil administration of the Tsingtao garrison, with the same rank and salary.

"If written orders of appointment are not issued specially to persons, treated as officials of the *Sonin* or *Hannin* rank who were in the service of the Shantung Railway administrative division or engaged in business connected with the Tsingtao wharfs at the time that this ordinance went into effect, they shall be appointed respectively according to the offices they have held as officials in the division of railway affairs in accordance with the provisions of paragraph 2, under the same treatment as before.

"If written orders of appointment are not issued specially to civil officials who have been engaged in the business of communications in the Tsingtao garrison at the time that this ordinance went into effect, it is understood that they shall be attached to the division of communications."

In pursuance of this ordinance, the commander-in-chief of the Tsingtao garrison issued under date of October 1, 1917, military notification No. 93:

Military Ordinance prescribing Names, Localities and Districts under Civil Administration of Tsingtao Garrison, October 1, 1917

"The names, localities, and districts under the jurisdiction of the Civil Administration of the Tsingtao garrison have been decided on as follows:

"Name: Tsingtao Civil Administration.

"Locality: Tsingtao.

"*Districts*: Tsingtao city and the region south of the line connecting Koshan, Shui-Ching-Kou, Tashan, Kaotzu, Shuanglenkou, Fushanhou, southern point of Shantungtou; Kiaochow Bay, including Yintao, Huangtao and Shui-Ling-Shan, and the leased districts on the other side opposite Tsingtao.

"*Name*: Litsun Civil Administration.

"*Locality*: Litsun.

"*Districts*: The districts north of the line connecting Koshan, Shui-Ching-Kou, Tashan, Shuanglenkou, Fushanhou, Kaotzu, southern point of Shan-tung-tou; districts south of the boundary of the leased territory.

"*Name*: Fangtze Civil Administration.

"*Locality*: Fangtze.

"*Districts*: Along the railway line between the boundary of the leased territory and Tsinan as well as along the railway line between Poshan and Changtien."

Regulations for the apportionment of duties in the department of civil administration and in the local civil administration offices were also issued as military ordinances (Nos. 19 and 21, respectively) on the same date: the translations are as follows:

**Military Ordinance regarding Apportionment of Duties of Civil Administration,
October 1, 1917**

"Military Ordinance No. 19"

"Regulations for the apportionment of duties in the Department of Civil Administration in the Tsingtao Army Headquarters are sanctioned as follows:
October 1, 1917.

(Signed) FUSATARO HONGO,
Commander in Chief of the Tsingtao Garrison.

"ARTICLE I. The secretary's office and the following four bureaus shall be established in the Department of Civil Administration, and bureau chiefs shall be appointed in the secretary's office and in the bureaus:

- Bureau of General Affairs
- Bureau of Police
- Bureau of Finance
- Bureau of Civil Engineering.

"ART. II. The chiefs of the bureaus and the chief of the secretary's office shall be appointed from among the higher officials of the Department of Civil Administration. They shall have charge of their respective departments, supervising the staffs of the bureaus and of the secretary's office, respectively, under the direction of the chief of the Department of Civil Administration.

"ART. III. The secretary's office shall have charge of the following business:

1. Important confidential matters.
2. Personnel, *i.e.*, the appointment and resignation of those who are treated as officials, or engaged for special purposes, or employees.
3. Charge of the official seals of the army headquarters, of the commander-in-chief of the Tsingtao garrison, the Department of Civil Administration and of the chief of that department.
4. Conferring of ranks, decorations and rewards.
5. Pensions, compassionate allowances to surviving families and other allowances.
6. Ceremonies and rituals.
7. Maintaining order in the offices and premises.
8. Night duty.

"ART. IV. Sections shall be established in each bureau of the Department of Civil Administration, which shall have the following functions:

"Bureau of General Affairs;

1. Section of Correspondence.

- a. Despatch and receipt of correspondence, copying and printing.
- b. Compilation of official gazette, orders and regulations.
- c. Reports and statistics.
- d. Translation and interpretation.

- e. Compilation of correspondence and records, custody of the same and of books and maps.

2. Section of General Affairs.
 - a. Affairs of the local administrations.
 - b. Foreign Affairs.
 - c. Legal Affairs.
 - d. Registration of family rolls.
 - e. Interpretation of orders and regulations.
 - f. Relief and charity.
 - g. Government hospitals.
 - h. Investigation of old customs and old regulations.
 - i. All matters not assigned to other Bureaus and Sections.
3. Section of Education.
 - a. Matters connected with education, the sciences, and arts.
 - b. Schools, kindergartens, and libraries.
 - c. Temples and religious matters.
 - d. Registration for military service.
4. Section of Industries.
 - a. Trading and manufacturing.
 - b. Marine Produce.
 - c. Salt business.
 - d. Agriculture.
 - e. Domestic animals.
 - f. Factories.
 - g. Market and industrial guilds.
 - h. Measures and scales.
 - i. Commercial museums and markets.
 - j. Experimental farms.
- "Bureau of Police;
 1. Section of Police.
 - a. Administrative policing matters.
 - b. Judicial policing matters.
 - c. Prisons and jails.
 - d. Training native police assistants.
 2. Section of Sanitation.
 - a. Medical affairs.
 - b. Medicine.
 - c. Quarantine and public health.
 - d. Animal diseases.
 - e. Private hospitals.
- "Bureau of Finance;
 1. Section of Taxation.
 - a. Taxes and other revenues.
 - b. Monopolies.
 - c. Local currency.
 - d. Banks and Money circulation.
 2. Section of the Treasury.
 - a. Budget of revenue and expenditure and their settlement.
 - b. Cash accounts exclusive of the revenue and expenditures.
 - c. Control of government property.
 - d. Investigation of registered real property.
 - e. Investigation of real property having a bearing on international relations.
 - f. Charge of foreigners' private property left behind.
 - g. Cash office.
 3. Section of Accounts.
 - a. Orders for payments.
 - b. Supervision of cash accounts.
 - c. Charge of receipts and disbursements of properties and equipment.
 - d. Matters connected with temporary employees.
- "Bureau of Civil Engineering;
 1. Section of Lands.
 - a. Plotting of towns and streets.
 - b. Listing of lands and houses.

- c. Reclamation of land and use thereof.
- d. Investigations of rivers and other streams.
- e. Utilization of land.
- f. Parks.
- 2. Section of Civil Engineering.
 - a. Planning, construction, and supervision of roads, rivers, streams, harbors, water-utilization, sandbanks, water works, and drainage.
 - b. Investigation of civil engineering works in general.
 - c. Watering streets and discharging of drainage.
 - d. Surveying and plotting of land.
- 3. Section of Building and Repairing.
 - a. Specifications of buildings, etc., and their construction and supervision.
 - b. Building and repairing of office buildings and residential quarters of officers.

"ART. V. The Experimental Farm, Forestry Office, and Slaughter House shall be established under the Bureau of General Affairs with duties as follows:

- 1. The Experimental Farm shall have charge of experiments in agriculture.
- 2. The Forestry Office shall have charge of the maintenance and encouragement of forestry.
- 3. The Slaughter House shall have charge of slaughtering and breeding of domestic animals.

"ART. VI. The Harbor Office shall be established under the Bureau of Police, and shall have the following duties:

- 1. Marking sea courses.
- 2. Marine policing.
- 3. Harbor quarantine.
- 4. Dredging of harbors.
- 5. Fixing buoys.
- 6. Other matters connected with harbor activities.

"ART. VII. The Electric Light Works shall be established under the Bureau of Finance and shall have the duty of supplying electric current for light and power.

"ART. VIII. The Waterworks Office shall be established under the Bureau of Civil Engineering and shall have charge of the water supply.

"ART. IX. The Tsingtao Military Hospital, the Tsingtao Hospital, the Railway Hospital, and the Tsingtao Meteorological Station shall be established under the Department of Civil Administration. Their organization and the appointment of their officers shall be determined separately.

"Supplementary Rule

"This ordinance shall be effective from the date of promulgation."

Military Ordinance regarding Apportionment of Business in Local Civil Administration Offices.—October 1, 1917

Military Ordinance No. 21

October 1, 1917

FUSATARO HONGO,

"The Commander-in-Chief of the Tsingtao Garrison.

"Regulations for the apportionment of business in the Local Civil Administration Offices.

"ARTICLE I. Bureaus of General Affairs, Police, and Finance shall be established in the Local Civil Administration offices.

"ART. II. The Bureau of General Affairs have charge of the following business:

- 1. Personnel and correspondence.
- 2. Reports and statistics.
- 3. Local affairs.
- 4. Buildings and constructions.
- 5. Matters not connected with other Bureaus.

"ART. III. The Bureau of Police shall have charge of the following business:

1. Policing.
2. Sanitation affairs.
3. Family registration.
4. Animal diseases.

"ART. IV. The Bureau of Finance shall have charge of the following business:

1. Taxes and revenues.
2. Cash accounts.
3. Supplying materials.

"ART. V. The chiefs of the Civil Administration Offices may determine the business procedures of their offices with the sanction of the Commander-in-Chief of the Tsingtao Garrison."

Regulations for the control of foreigners were issued by the commander-in-chief of the Tsingtao garrison on January 14, 1918, as a military ordinance (No. 1), of which the following is a translation:

Military Ordinance regarding Control of Foreigners, January 14, 1918

"Military Ordinance No. 1

"Regulations for the control of foreigners are decided as follows:

FUSATARO HONGO,

Commander-in-Chief of the Tsingtao Garrison.

January 14, 1918.

"Regulations for the control of foreigners

"ARTICLE 1. Any person (not a citizen of an enemy country) who desires to enter into the territory occupied by the army is required to carry on his person a passport or certificate issued by his Government or a certificate issued by Japanese Consular or police authorities. The passport or certificate issued by his own Government shall have attached thereto a photograph or personal description.

ART. 2. When it is deemed necessary the authorities may examine the passport or certificate.

"ART. 3. Any person who violates Article 1, or refuses to have the passport or certificate examined is punishable with a fine of not over one hundred yen.

"Supplementary Rule

"These regulations shall be enforced from the date of issue.

"These regulations shall not be applied to Chinese.

"The former regulations for coming and going of foreigners in and from the territories under the military administration are abolished."

Note 2

The text of the ultimatum from the Japanese to the Germany Government, under date of August 15, 1914, is given as follows by the *London Times* (weekly edition) of August 21, 1914:

Japanese Ultimatum to Germany, August 15, 1914

"We consider it highly important and necessary in the present situation to take measures to remove the causes of all disturbance of the peace in the Far East and to safeguard general interests as contemplated in the agreement of alliance between Japan and Great Britain. In order to secure firm and enduring peace in Eastern Asia the establishment of which is the aim of the said agreement, the Imperial Japanese Government sincerely believes it to be its duty to give advice to the Imperial German Government to carry out the following two propositions:—

"(1) To withdraw immediately from Japanese and Chinese waters the German men-of-war and armed vessels of all kinds, and to disarm at once those which cannot be withdrawn.

"(2) To deliver on a date not later than September 15 to the Imperial Japanese authorities, without condition or compensation, the entire leased territory of Kiaochau with a view to the eventual restoration of the same to China.

"The Imperial Japanese Government announces at the same time that, in the event of its not receiving by noon of August 23 an answer from the Imperial German Government signifying unconditional acceptance of the above advice offered by the Imperial Japanese Government, Japan will be compelled to take such action as it may deem necessary to meet the situation."

To the text of the ultimatum, as there printed, is appended the text of a communication from the press bureau, as follows:

**British Official announcement regarding Japanese Participation in the War.—
August 18, 1914**

"The Governments of Great Britain and Japan having been in communication with each other, are of opinion that it is necessary for each to take action to protect the general interest in the Far East contemplated by the Anglo-Japanese Alliance, keeping specially in view the independence and integrity of China, and provided for in that Agreement.

"It is understood that the action of Japan will not extend to the Pacific Ocean beyond the China Seas except in so far as it may be necessary to protect Japanese shipping lines in the Pacific, nor beyond Asiatic waters westward of the China Seas, nor to any foreign territory except territory in German occupation on the Continent of Eastern Asia."

In the course of the conferences among the Allied Powers at Paris, preliminary to the conclusion of peace with Germany, it appeared that during February, 1917, the Japanese Government had approached the Governments of Great Britain, France, Russia and Italy with regard to the ultimate disposal of German rights in Shantung. A special cable to the *New York Times*, dated from Paris, April 21, 1919, quoted as follows the documents embodying the results of the negotiations thus initiated:

**Understanding between Great Britain and Japan regarding ultimate Disposal of
German Rights.—February, 1917**

*The British Ambassador at Tokyo to the Japanese Minister for Foreign Affairs,
February 16, 1917*

British Embassy,
"Tokyo, February 16, 1917.

"My dear Excellency,

"With reference to the subject of our conversation of the 27th ultimo, when Your Excellency informed me of the desire of the Imperial Government to receive an assurance that on the occasion of a Peace Conference His Britannic Majesty's Government will support the claims of Japan in regard to the disposal of Germany's rights in Shantung and possessions in the islands north of the equator, I have the honour, under instructions received from His Britannic Majesty's Principal Secretary of State for Foreign Affairs, to communicate to you the following message from His Britannic Majesty's Government:

"His Britannic Majesty's Government accede with pleasure to request of the Japanese Government for an assurance that they will support Japan's claims in regard to the disposal of Germany's rights in Shantung and possessions in the islands north of the equator on the occasion of the Peace Conference: it being understood that the Japanese Government will in the eventual peace settlement treat in the same spirit Great Britain's claims to the German islands south of the equator.

"I avail myself of this opportunity, M. le Ministre, to renew to Your Excellency the assurance of my highest consideration.

"CONYNTHAM GREENE,
"His Britannic Majesty's Ambassador.

"His Excellency VISCOUNT ICHIRO MOTONO,

"His Imperial Japanese Majesty's Minister for Foreign Affairs."

*The Japanese Minister for Foreign Affairs to the British Ambassador, February 21,
1917.*

EXTRACT

"The Japanese Government is deeply appreciative of the friendly spirit in which your Government has given assurance and happy to note it as fresh proof of the close

ties that unite the two Allied Powers. I take pleasure in stating that the Japanese Government on its part is fully prepared to support in the same spirit the claims which may be put forward at the Peace Conference by His Britannic Majesty's Government in regard to the German possessions in the islands south of the equator."

Understanding between France and Japan regarding ultimate Disposal of German Rights.—March, 1917

Memorandum of the Japanese Minister for Foreign Affairs to the French Ambassador and (mutatis mutandis) to the Russian Ambassador at Tokyo, February 19, 1917

"The Imperial Japanese Government has not yet formally entered into conversations with the Entente Powers concerning the conditions of peace I propose to present to Germany, because it is guided by the thought that such questions ought to be decided in concert between Japan and the said Powers at the moment when the peace negotiations begin. Nevertheless, in view of recent developments in the general situation, and in view of the particular arrangements concerning peace conditions, such as arrangements relative to the disposition of the Bosphorus, Constantinople, and the Dardanelles, being already under discussion by the Powers interested, the Imperial Japanese Government believes that the moment has come for it also to express its desires relative to certain conditions of peace essential to Japan, and to submit them for the consideration of the Government of the French Republic.

"The French Government is thoroughly informed of all the efforts the Japanese Government has made in a general manner to accomplish its task in the present war, and particularly to guarantee for the future the peace of Oriental Asia and the security of the Japanese Empire, for which it is absolutely necessary to take from Germany its bases of political, military, and economic activity in the Far East.

"Under these conditions the Imperial Japanese Government proposes to demand from Germany at the time of the peace negotiations the surrender of the territorial and special interests Germany possessed before the war in Shantung and the islands situated north of the equator in the Pacific Ocean.

"The Imperial Japanese Government confidently hopes the Government of the French Republic, realizing the legitimacy of these demands, will give assurance that, her case being proved,¹ Japan may count upon its full support on this question.

"It goes without saying that reparation for damages caused to the life and property of the Japanese people by the unjustifiable attacks of the enemy, as well as other conditions of peace of a character common to all the Entente Powers, are entirely outside the consideration of the present question."

Memorandum of the French Ambassador to the Japanese Minister for Foreign Affairs, March 1, 1917

"The Government of the French Republic is disposed to give the Japanese Government its accord in regulating at the time of the peace negotiations questions vital to Japan concerning Shantung and the German islands in the Pacific north of the equator. It also agrees to support the demands of the Imperial Japanese Government for the surrender of the rights Germany possessed before the war in this Chinese province and in these islands.

"M. Briand demands, on the other hand, that Japan give its support to obtain from China the breaking of its diplomatic relations with Germany, and that it give this act desirable significance. The consequences of this in China should be the following:

"First, handing passports to the German diplomatic agents and consuls.

"Second, the obligation of all under German jurisdiction to leave Chinese territory.

"Third, the internment of German ships in Chinese ports and the ultimate requisition of these ships in order to place them at the disposition of the Allies following the example of Italy and Portugal. According to the information of the French Government there are fifteen German ships in Chinese ports, totaling about 40,000 tons.

"Fourth, requisition of German commercial houses established in China; forfeiting the right of Germany in the concessions she possesses in certain parts (ports?) of China."

¹ [It would appear that the phrase "her case being proved," is a mistranslation of "*le cas échéant*," meaning "in a proper case" or "should occasion require."—EDITOR.]

In reference to the documents quoted above, the *Times* message continues as follows:

"On receipt of the above Motono wrote expressing profound thanks for the friendly sentiments inspiring the French Government, and in behalf of Japan promised compliance with Briand's request to get China to break relations with Germany, adding that it had spared no effort in that direction from the beginning.

"The Russian Ambassador wrote very briefly to Motono February 20 committing his Government also to the support of the Japanese claims at the Peace Conference.

"So far as Italy was concerned, this same business was transacted, not at Tokio, but at Rome, where the Italian Minister of Foreign Affairs gave the Japanese Ambassador assurance that Italy would offer no objections in the matter."

Consult, in further reference to the disposal of German rights in China, the Sino-Japanese treaty and exchanges of notes concerning Shantung, May 25, 1915 (No. 9, *post*); declaration of war by China against Germany, August 14, 1917 (MACMURRAY vol. II, p. 1361); Sino-Japanese agreement in regard to affairs in Shantung, September 24, 1918 (No. 12, *post*); and treaty of peace between Allied Powers and Germany, June 28, 1919 (No. 14, *post*).

No. 9

JAPAN AND CHINA

*Treaty, and exchanges of notes, respecting the Province of Shantung.*¹—
May 25, 1915

His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, having resolved to conclude a Treaty with a view to the maintenance of general peace in the Extreme East and the further strengthening of the the relations of friendship and good neighbourhood now existing between the two nations, have for that purpose named as their Plenipotentiaries, that is to say:

His Excellency the President of the Republic of China, Lou Tseng-tsiang, *Chung-ching*, First Class *Chia Ho* Decoration, Minister of Foreign Affairs.

And His Majesty the Emperor of Japan, Hioki Eki, *Jushii*, Second Class of the Imperial Order of the Sacred Treasure, Minister Plenipotentiary and Envoy Extraordinary;

¹ MACMURRAY, vol. II, p. 1216; translation, as printed in *The Sino-Japanese Negotiations—Chinese Official Statement with Documents and Treaties with Annexures* (Peking, 1915), from Chinese texts. Translations from the Japanese texts are printed in the Japanese White Book entitled *The Documents regarding the Negotiations between Japan and China (1915)—Translation* (Tokyo, 1915). Translations from the Chinese texts are printed also in the *Peking Gazette* of May 27, 1915; *F. E. Review*, vol. XI (May, 1915); *American Journal of International Law*, Supplement, 1916, pp. 1-17; TYAU, p. 226. Translation from the Chinese text of the treaty is also printed in *CUSTOMS*, vol. II, p. 784.

In connection with this treaty, and the accompanying exchanges of notes, in regard to the Province of Shantung, see the convention for the lease of Kiaochow to Germany, March 6, 1898 (No. 1, *ante*), and the documents cited in the first footnote thereto particularly the declaration of war by Japan against Germany, August 23, 1914 (No. 8, *ante*); also, the agreement concerning Shantung, September 24, 1918 (No. 12, *post*); the agreement for a loan for extensions of the Shantung Railway, September 28, 1918 (No. 13, *post*); and the Versailles Peace Treaty (No. 14, *post*).

Who, after having communicated to each other their full powers and found them to be in good and due form, have agreed upon and concluded the following Articles:

ARTICLE 1. The Chinese Government agrees to give full assent to all matters upon which the Japanese Government may hereafter agree with the German Government relating to the disposition of all rights, interests and concessions which Germany, by virtue of treaties or otherwise, possesses in relation to the Province of Shantung.

ART. 2. The Chinese Government agrees that as regards the railway to be built by China herself from Chefoo or Lungkow to connect with the Kiaochow-Tsinanfu railway, if Germany abandons the privilege of financing the Chefoo-Weihsien line, China will approach Japanese capitalists to negotiate for a loan.

ART. 3. The Chinese Government agrees in the interest of trade and for the residence of foreigners, to open by China herself as soon as possible certain suitable places in the Province of Shantung as Commercial Ports.

ART. 4. The present treaty shall come into force on the day of its signature.

The present treaty shall be ratified by His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, and the ratification thereof shall be exchanged at Tokio as soon as possible.

In witness whereof the respective Plenipotentiaries of the High Contracting Parties have signed and sealed the present Treaty, two copies in the Chinese language and two in Japanese.

Done at Peking this twenty-fifth day of the fifth month of the fourth year of the Republic of China, corresponding to the same day of the same month of the fourth year of Taisho.

EXCHANGE OF NOTES RESPECTING SHANTUNG

Note

Peking,

the 25th day of the 5th month of
the 4th year of the Republic of China.

Monsieur le Ministre,

In the name of the Chinese Government I have the honour to make the following declaration to your Government: "Within the Province of Shantung or along its coast no territory or island will be leased or ceded to any foreign Power under any pretext."

I avail, etc.,

(Signed) LOU TSENG-TSIANG.

His Excellency,

Hioki Eki,

Japanese Minister.

Reply

Peking,
the 25th day of the 5th month of
the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you made the following declaration in the name of the Chinese Government: "Within the Province of Shantung or along its coast no territory or island will be leased or ceded to any foreign Power under any pretext."

In reply I beg to state that I have taken note of this declaration.

I avail, etc.,

(Signed) HIOKI EKI.

His Excellency,

Lou Tseng-tsiang,

Minister of Foreign Affairs.

EXCHANGE OF NOTES RESPECTING THE OPENING OF PORTS IN SHANTUNG

Note

Peking,
the 25th day of the 5th month of
the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that the places which ought to be opened as Commercial Ports by China herself, as provided in Article 3 of the Treaty respecting the Province of Shantung signed this day, will be selected and the regulations therefor will be drawn up by the Chinese Government itself, a decision concerning which will be made after consulting the Minister of Japan.

I avail, etc.,

(Signed) LOU TSENG-TSIANG.

His Excellency,

Hioki Eki,

Japanese Minister.

Reply

Peking,
the 25th day of the 5th month of
the 4th year of Taisho.

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you stated "that the places which ought to

be opened as Commercial Ports by China herself, as provided in Article 3 of the Treaty respecting the province of Shantung signed this day, will be selected and the regulations therefor will be drawn up by the Chinese Government itself, a decision concerning which will be made after consulting the Minister of Japan."

In reply, I beg to state that I have taken note of the same.

I avail, etc.,

(Signed) HIOKI EKI.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

EXCHANGE OF NOTES RESPECTING THE RESTORATION OF THE LEASED
TERRITORY OF KIAOCHOW BAY

Note

Peking,

the 25th day of the 5th month of
the 4th year of Taisho.

Excellency,

In the name of my Government I have the honour to make the following declaration to the Chinese Government:

When, after the termination of the present war, the leased territory of Kiaochow Bay is completely left to the free disposal of Japan, the Japanese Government will restore the said leased territory to China under the following conditions:

- 1.—The whole of Kiaochow Bay to be opened as a Commercial Port.
- 2.—A concession under the exclusive jurisdiction of Japan to be established at a place designated by the Japanese Government.
- 3.—If the foreign Powers desire it, an international concession may be established.
- 4.—As regards the disposal to be made of the buildings and properties of Germany and the conditions and procedure relating thereto, the Japanese Government and the Chinese Government shall arrange the matter by mutual agreement before the restoration.

I avail, etc.,

(Signed) HIOKI EKI.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

Reply

Peking,

the 25th day of the 5th month of
the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to acknowledge the receipt of your Excellency's note of this day's date in which you made the following declaration in the name of your Government:

When, after the termination of the present war, the leased territory of Kiaochow Bay is completely left to the free disposal of Japan, the Japanese Government will restore the said leased territory to China under the following conditions:

1.—The whole of Kiaochow Bay to be opened as a Commercial Port.

2.—A concession under the exclusive jurisdiction of Japan to be established at a place designated by the Japanese Government.

3.—If the foreign Powers desire it, an international concession may be established.

4.—As regards the disposal to be made of the buildings and properties of Germany and the conditions and procedure relating thereto, the Japanese Government and the Chinese Government shall arrange the matter by mutual agreement before the restoration.

In reply, I beg to state that I have taken note of this declaration.

I avail, etc.,

(Signed) LOU TSENG-TSIANG.

His Excellency,

Hioki Eki,

Japanese Minister.

No. 10

JAPAN AND CHINA

*Agreement about the reopening of the office of the Chinese maritime customs at Tsingtau, and its functioning in the territory leased to Germany and now in consequence of the German-Japanese War under the military government of Japan.*¹—August 6, 1915

1.—It is hereby agreed that the Office of the Chinese Maritime Customs shall be reopened at Tsingtau.

¹ Official English text; MACMURRAY, vol. II, p. 1246.

In connection with this agreement, see the Sino-German agreement for the establishment of a maritime customs office at Tsingtau, April 17, 1899 (No. 3, *ante*), and documents attached thereto; see also the Japanese declaration of war against Germany, August 23, 1914 (No. 8, *ante*).

2.—The agreement about the establishment of a Maritime Customs Office at Tsingtau signed at Peking on the 17th April, 1899, by the German and Chinese representatives for their respective Governments and the Amendment to the same signed similarly at Peking by the German and Chinese representatives on the 1st December, 1905, with replacement of the term "German" by "Japanese" wherever the principle of this Agreement demands such change, shall be held operative between the Governments of China and Japan in regard to the reopening of the Chinese Maritime Customs Office at Tsingtau and in regard to its regulations and procedure.

3.—The Chinese Maritime Customs archives, Service moneys and all Service property formerly under the control of the Inspector General of Customs, which were taken custody of by the Japanese Military Authorities at the time of occupation, shall be returned to the Inspector General.

4.—After deducting 20 per cent of the net Import Duties as provided for in the German Amended Agreement of 1905 the Japanese Government shall hand to the Inspector General the balance of the Customs revenues collected at Tsingtau by the Japanese Authorities to date of reopening the Maritime Customs Office.

[L. S.]

(Signed) R. HIOKI,
Minister of Japan.

[L. S.]

(Signed) F. A. AGLÉN,
Inspector General of Customs.

Signed and sealed at Peking the sixth August, 1915.

Note

Following the military occupation of the Kiaochow leased territory by the Japanese forces, provisional customs regulations for Tsingtau were proclaimed by the military administration, on December 28, 1914, of which the following is the translation:

Provisional Customs Regulations for Tsingtao, proclaimed by Japanese Military Administration.—December 28, 1914

The Provisional Customs Regulations are as under:

- 1.—Pending the reopening of the Chinese maritime customs, Tsingtao, the Japanese garrison, Tsingtao, shall control the customs affairs at Tsingtao.
- 2.—The free zone remains unchanged as hitherto.
- 3.—The bonded zones are as designated on both Main and Junk Harbours.
- 4.—Exemption from duty and other privileges and facilities as enjoyed hitherto by Germany and German subjects shall be taken over by Japan and Japanese subjects.
- 5.—All customs procedures concerning ships' cargoes and other communications to the customs shall be written in Japanese.
- 6.—As regards the control of vessels and cargoes, the imposition, collection, exemption, or refundment of tonnage dues, customs duties, and fees, and penalties, &c., the precedents hitherto in vogue shall be respected in other points than mentioned in the present regulations.

No. 11

JAPAN AND CHINA

*Agreement fixing the provisional procedure concerning Sino-Japanese postal and telegraphic operations at the leased territory of Kiaochow Bay and along the Kiaochow-Tsinanfu Railway, now under the Japanese control.*¹—March 26, 1917

1.—Japan allows China to continue to open one Post Office and one Telegraph Office at Tsingtau.

2.—China allows Japan to continue to open one Post Office within each of the railway station zones at Tsinan and Weihsien along the Kiao-tsi Railway.

3.—China undertakes to extend the telegraph lines of the Chinese Telegraph Offices at the under-mentioned places, in order to connect with the telegraph line of the Kiao-tsi Railway; the connection of the telegraph lines should first take place at the Kiao-tsi Railway Station at Tsinan:

Commercial Settlement of Tsinan.

Chowtsun	Poshan	Weihsien	Tsingchow
Kiaochow	Chengyang	Tsingtau	

4.—The Sino-Japanese postal and telegraphic operations at the Leased Territory of Kiaochow Bay and along the Kiao-tsi Railway shall be conducted temporarily according to the procedure [which?] formerly existed between China on one part and the German Government and the Railway Company on the other, as well as the former practice of the Chinese Telegraph Office at Tsingtau.

However, as regards cable lines between Shanghai and Tsingtau also between Tsingtau and Chefoo, they should be dealt with according to the new Sino-Japanese treaty concerning Shantung. To the said cable lines, the provisions of this Article will, therefore, temporarily not be applied.

In witness of the above Articles, which shall be subject to the ratification of the respective Governments, the undersigned hereby affix their seals and signatures hereto.

Done at Peking on this 26th day, 3rd month of the 6th year C. H. M. K.

(Signed) CHUAN LIANG,
Councillor of the Ministry of Communications.

(Signed) KATSUJI DEBUCHI,
First Class Secretary to the Japanese Legation.

¹ Official English text; MacMURRAY, vol. II, p. 1359. Printed also in *F. E. Review*, vol. XIII, p. 556.

In connection with this agreement see the postal convention between Germany and China, November 3, 1905 (attached to the International Postal Convention of May 26, 1906, *ibid.*, vol. I, p. 585), and the Sino-Japanese treaty concerning Shantung, May 25, 1915 (No. 9, *ante*).

No. 12

JAPAN AND CHINA

Exchange of Notes embodying an arrangement concerning questions in Shantung.¹—September 24, 1918

In view of the friendly relations existing between your country and Japan and in pursuance of the spirit of harmony and reconciliation, the Imperial Government considers it proper that the various questions in Shantung should be arranged in the following manner, and has decided to bring the matter to the notice of your Government:

With regard to the Japanese troops stationed along the Kiaochow-Tsinan Railway, all the troops shall be concentrated at Tsingtao except for the stationing of a detachment at Tsinan.

The guarding of the Kiaochow-Tsinan Railway is to be undertaken by your Government by the organization of a police force for the purpose.

The expenditure required for the maintenance of the police force shall be defrayed by the Kiaochow-Tsinan Railway.

Japanese shall be engaged for the headquarters of this police force, at the principal railway stations and at the police training school.

Chinese are to be engaged as employees on the Kiaochow-Tsinan Railway.

When the status of the Kiaochow-Tsinan Railway shall have been established it shall be conjointly worked by Japanese and Chinese.

The Civil Administration now in force shall be abolished.

I shall deem it a great favor if you will let me know your opinion concerning the above matter.

September 24, 1918.

Baron SHIMPEI GOTO,

Minister for Foreign Affairs of the Japanese Empire.

To His Excellency CHANG TSUNG-HSIANG,

Minister Plenipotentiary of the Chinese Republic.

¹ MACMURRAY, vol. II, p. 1445; translation from the Japanese text made public by the Japanese Government, as printed in the Tokyo *Chugai Shogyo*, April 10, 1919.

According to an Associated Press message dated Paris, February 25, 1919, and printed in the American newspapers of the following day, the reply of the Chinese Minister to this note, under date of September 24, 1918, after acknowledging in terms the note from Baron Goto, stated, "I beg to acquaint you in reply that the Chinese Government gladly agree to the proposals of the Japanese Government above alluded to."

It is understood that this agreement has not received the ratification of the Chinese Government.

In connection with this arrangement, see the Japanese Government's declaration of war upon Germany, August 23, 1914 (No. 8, *ante*); the Chinese Government's declaration of war, August 14, 1917 (*ibid.*, p. 1361); the treaty and exchanges of notes between Japan and China respecting Shantung, May 25, 1915 (No. 9, *ante*) and Articles 156, 157 and 158, of the Treaty of Versailles, June 28, 1919 (No. 14 *post*).

No. 13

JAPAN (Industrial Bank of Japan, representing a Syndicate consisting of the Industrial Bank of Japan, the Bank of Chosen, and the Bank of Taiwan) AND CHINA

*Preliminary Agreement for a loan for the Tsinanfu-Shuntefu and Kaomi-Hsuchow extensions of the Shantung Railway.*¹—September 28, 1918.

The Chinese Government, hereinafter to be called the Government, hereby concludes the following preliminary agreement with the Bank of Chosen, the Bank of Taiwan and the Industrial Bank of Japan, represented by the Industrial Bank of Japan, hereinafter to be called the Banks, in order to construct railways between Tsinan, Shantung Province, and Shunte, Chihli Province, China, and between Kaomi, Shantung, and Hsuchow, Kiangsu, hereinafter to be called the Two Railways:

ARTICLE 1. The Government agrees that all the money necessary for the construction of the Two Railways shall be obtained by the Banks by means of Tsinan-Shunte Railway Gold Bonds and Kaomi-Hsuchow Railway Gold Bonds, hereafter to be called the Two Railways Bonds. Provided, however, that if the lines of the two railways, after a survey, be deemed unprofitable as a railway undertaking, the Government shall after conferring with the Banks change their routes.

ART. 2. The Government shall at once estimate the cost of construction of the two railways and all other necessary expenses and shall secure the approval of the Banks.

ART. 3. The term of the Two Railways Bonds shall be 40 years. The redemption of the principal of the bonds shall commence from the 11th year from the date of issue of the bonds and shall be on annual installment plan.

ART. 4. The Government, as soon as the final loan contract shall have been concluded, shall at once commence to build the two railways.

ART. 5. The Government shall offer to the Banks, as security for the payment of the principal and interest of the Two Railways Bonds, the following: all present and future property and revenues of the Two Railways.

The Government shall not, without the consent of the Banks, offer the aforesaid property and revenues as security or guarantee to others.

¹ MACMURRAY, vol. II, p. 1450; translation from the Japanese text as made public by the Japanese Foreign Office on April 10, 1919. A translation from the Chinese text is printed in *F. E. Review*, vol. xv, p. 398 (May, 1919).

In connection with this preliminary agreement, see the exchange of notes between Germany and China, December 31, 1913, providing for these extensions (No. 7, *ante*); also the treaty and exchanges of notes between Japan and China respecting Shantung, May 25, 1915 (No. 9, *ante*). See Note to this document, *post*, p. 93.

ART. 6. The issue price of the bonds, interest rate, and net receipts for the Government, shall be determined after consultation, with the principle of securing as profitable results as possible for the Government, consistent with the circumstances of the time of issue.

ART. 7. Regarding any conditions which are not provided for in the foregoing Articles, the Government shall consult with the Banks in order that a decision may be reached.

ART. 8. The final contract for the Two Railways loans shall be made in accordance with this preliminary agreement within four months after the agreement is signed.

ART. 9. The Banks, on the signing of the preliminary agreement, shall make an advance of 20,000,000 yen in Japanese Gold to the Government.

Provided, however, that the advance money shall be furnished without any commission.

ART. 10. The interest rate on the advance money shall be 8 per cent. per annum,—that is, for 100 yen of Japanese money, 8 yen of Japanese money.

ART. 11. The advance money shall be furnished by means of discounting of the treasury certificates issued by the Government.

ART. 12. The foregoing treasury certificates shall be renewed in every six months and at each renewal the amount equivalent to the interest shall be paid to the Banks.

ART. 13. The Government, after the final loan contract for the Two Railways is signed, shall first and without delay repay the advance money out of the funds secured by the issue of the bonds.

ART. 14. The furnishing of the advance money, its repayment, and the payment of the interest, shall be done altogether in Tokyo, Japan.

The foregoing agreement shall be prepared in Chinese and Japanese, each in duplicate, one set of the copies to be retained by the Government and the other by the Banks. Should any doubt arise as to the interpretation of the agreement, it shall be decided in accordance with the Japanese text.

28th day of the 9th month of Taisho.

28th day of the 9th month of the Republic of China.

[Signed.] YEIJI ONO,

Vice-President of the Industrial Bank of Japan.

CHANG TSUNG-HSIANG,

Chinese Minister to Japan.

Note

This preliminary agreement was made in pursuance of an exchange of notes between the Chinese Minister at Tokyo and the Japanese Minister for Foreign Affairs, dated September 24, 1918. The following is the translation, from the Japanese text

made public by the Japanese Foreign Office, of the note addressed by Baron Goto to Mr. Chang and formally acknowledged by him.

Exchange of Notes regarding Extensions of Shantung Railway, September 24, 1918

"Dear Sir:

"I have received your communication regarding your decision to expedite the work of construction of the following railways, with loans secured by your Government from the Japanese capitalists:

"1. Between Tsinan and Shunte.

"2. Between Kaomi and Hsuehow.

"Provided that in case these railways are regarded as unprofitable as a railway undertaking, some other suitable lines shall be decided upon, after mutual consultation between the two nations.

"The Imperial Japanese Government is delighted to receive the foregoing declaration from the Chinese Government, and at the same time declares that it will at once take the necessary steps to urge on Japanese capitalists to take up the loans.

[Signed] Baron SHIMPEI GOTO.

"To His Excellency

"CHANG TSUNG-HSIANG,

"Minister of the Republic of China."

No. 14

BELGIUM, BOLIVIA, BRAZIL, CUBA, CZECHO-SLOVAKIA, ECUADOR, FRANCE, GERMANY, GREAT BRITAIN, GREECE, GUATEMALA, HAITI, THE HEDJAZ, HONDURAS, ITALY, JAPAN, LIBERIA, NICARAGUA, PANAMA, PERU, POLAND, PORTUGAL, ROUMANIA, THE SERB-CROAT-SLOVENE STATE, SIAM, THE UNITED STATES,¹ AND URUGUAY

*Treaty of Peace between the Allied and Associated Powers and Germany.*²—June 28, 1919

The United States of America, the British Empire, France, Italy and Japan,

These Powers being described in the present Treaty as the Principal Allied and Associated Powers,

Belgium, Bolivia, Brazil, China,³ Cuba, Ecuador, Greece, Guatemala, Haiti, the Hedjaz, Honduras, Liberia, Nicaragua, Panama, Peru, Poland,

¹ On March 19, 1920, the resolution advising ratification of the Treaty of Peace in behalf of the United States failed of passage in the Senate, which thereupon adopted a resolution to return the treaty to the President and advise him that "the Senate has failed to ratify said treaty, being unable to obtain the constitutional majority therefor." (*Congressional Record*, March 19, 1920, p. 4916.)

² MACMURRAY, vol. II, p. 1485. Extracts (including only such articles as appear to be particularly relevant to the affairs of China) from the official English text as printed for the United States Senate (Senate Document No. 49, 66th Congress, 1st Session).

³ China did not in fact join in the conclusion of this treaty, its delegates to the Peace Conference (Mr. Lou Tseng-tsiang and Mr. Chengting Thomas Wang) having at the time of signature declared their inability to accept in behalf of their Government the provisions of Part IV, Section VIII (Articles 156-158), in reference to the dispo-

Portugal, Roumania, the Serb-Croat-Slovene State, Siam, Czecho-Slovakia and Uruguay,

These Powers constituting with the Principal Powers mentioned above the Allied and Associated Powers of the one part;

And Germany, of the other part;

Bearing in mind that on the request of the Imperial German Government an Armistice was granted on November 11, 1918, to Germany by the Principal Allied and Associated Powers in order that a Treaty of Peace might be concluded with her, and

The Allied and Associated Powers being equally desirous that the war in which they were successively involved directly or indirectly and which originated in the declaration of war by Austria-Hungary on July 28, 1914, against Serbia, the declaration of war by Germany against Russia on August 1, 1914, and against France on August 3, 1914, and in the invasion of Belgium, should be replaced by a firm, just and durable Peace,

For this purpose the High Contracting Parties represented as follows:

[Here follows the list of representatives of the several Powers named above.]

Who having communicated their full powers found in good and due form have agreed as follows:

From the coming into force of the present Treaty the state of war will terminate. From that moment and subject to the provisions of this Treaty official relations with Germany, and with any of the German States, will be resumed by the Allied and Associated Powers. . . .

PART IV.—GERMAN RIGHTS AND INTERESTS OUTSIDE GERMANY

ARTICLE 118. In territory outside her European frontiers as fixed by the present Treaty, Germany renounces all rights, titles and privileges whatever in or over territory which belonged to her or to her allies, and all rights, titles and privileges whatever their origin which she held as against the Allied and Associated Powers.

Germany hereby undertakes to recognize and to conform to the measures which may be taken now or in the future by the Principal Allied and Associated Powers, in agreement where necessary with third Powers, in order to carry the above stipulation into effect.

sition of German rights and interests in Shantung. For correspondence and official statements respecting that abstention, see Note, *post*, p. 105.

China subsequently, by a presidential mandate of September 15, 1919 (for which see the Note to the Chinese Declaration of War, *ibid.*, vol. II, p. 1371), declared the state of war with Germany to be at an end.

While refraining from signature of the Treaty of Peace with Germany, China became a member of the League of Nations by joining with the other Allied and Associated Powers in the conclusion of the Treaty of Peace with Austria, signed at St. Germain on September 10, 1919.

In particular Germany declares her acceptance of the following Articles relating to certain special subjects.

SECTION I.—GERMAN COLONIES

ARTICLE 119. Germany renounces in favour of the Principal Allied and Associated Powers all her rights and titles over her oversea possessions.

ART. 120. All movable and immovable property in such territories belonging to the German Empire or to any German State shall pass to the Government exercising authority over such territories, on the terms laid down in Article 257 of Part IX (Financial Clauses) of the present Treaty. The decision of the local courts in any dispute as to the nature of such property shall be final.

ART. 121. The provisions of Sections I and IV of Part X (Economic Clauses) of the present Treaty shall apply in the case of these territories whatever be the form of Government adopted for them.

ART. 122. The Government exercising authority over such territories may make such provisions as it thinks fit with reference to the repatriation from them of German nationals and to the conditions upon which German subjects of European origin shall, or shall not, be allowed to reside, hold property, trade or exercise a profession in them.

ART. 123. The provisions of Article 260 of Part IX (Financial Clauses) of the present Treaty shall apply in the case of all agreements concluded with German nationals for the construction or exploitation of public works in the German oversea possessions, as well as any sub-concessions or contracts resulting therefrom which may have been made to or with such nationals. . . .

ART. 127. The native inhabitants of the former German oversea possessions shall be entitled to the diplomatic protection of the Governments exercising authority over those territories.

SECTION II.—CHINA

ARTICLE 128. Germany renounces in favour of China all benefits and privileges resulting from the provisions of the final Protocol signed at Peking on September 7, 1901,¹ and from all annexes, notes and documents supplementary thereto. She likewise renounces in favour of China any claim to indemnities accruing thereunder subsequent to March 14, 1917.

ART. 129. From the coming into force of the present Treaty the High Contracting Parties shall apply, in so far as concerns them respectively:

(1) The Arrangement of August 29, 1902, regarding the new Chinese customs tariff;²

¹ MACMURRAY, vol. I, p. 278.

² *Ibid.*, vol. I, p. 339.

(2) The Arrangement of September 27, 1905, regarding Whang-Poo,¹ and the provisional supplementary Arrangement of April 9, 1912.²

China, however, will no longer be bound to grant to Germany the advantages or privileges which she allowed Germany under these Arrangements.

ART. 130. Subject to the provisions of Section VIII of this Part, Germany cedes to China all the buildings, wharves and pontoons, barracks, forts, arms and munitions of war, vessels of all kinds, wireless telegraphy installations and other public property belonging to the German Government, which are situated or may be in the German Concessions at Tientsin and Hankow or elsewhere in Chinese territory.

It is understood, however, that premises used as diplomatic or consular residences or offices are not included in the above cession, and, furthermore, that no steps shall be taken by the Chinese Government to dispose of the German public and private property situated within the so-called Legation Quarter at Peking without the consent of the Diplomatic Representatives of the Powers which, on the coming into force of the present Treaty, remain Parties to the Final Protocol of September 7, 1901.

ART. 131. Germany undertakes to restore to China within twelve months from the coming into force of the present Treaty all the astronomical instruments which her troops in 1900-1901 carried away from China, and to defray all expenses which may be incurred in effecting such restoration, including the expenses of dismounting, packing, transporting, insurance and installation in Peking.

ART. 132. Germany agrees to the abrogation of the leases from the Chinese Government under which the German Concessions at Hankow and Tientsin are now held.³

China, restored to the full exercise of her sovereign rights in the above areas, declares her intention of opening them to international residence and trade. She further declares that the abrogation of the leases under which these concessions are now held shall not affect the property rights of nationals of Allied and Associated Powers who are holders of lots in these concessions.

ART. 133. Germany waives all claims against the Chinese Government or against any Allied or Associated Government arising out of the internment of German nationals in China and their repatriation. She equally renounces all claims arising out of the capture and condemnation of German ships in China, or the liquidation, sequestration or control of German properties, rights and interests in that country since August 14, 1917.⁴ This provision, however, shall not affect the rights of the parties interested in the proceeds of any such liquidation, which shall be governed by the provisions of Part X (Economic Clauses) of the present Treaty.

¹ *Ibid.*, vol. I, p. 531.

² *Ibid.*, vol. II, p. 954

³ *Ibid.*, vol. I, pp. 17, 42, 46.

⁴ In this connection, see the Chinese declaration of war against Germany (MACMURRAY, vol. II, p. 1361), and the Note thereto.

ART. 134. Germany renounces in favour of the Government of His Britannic Majesty the German State property in the British Concession at Shameen at Canton. She renounces in favour of the French and Chinese Governments conjointly the property of the German school situated in the French Concession at Shanghai. . . .

SECTION VIII.—SHANTUNG¹

ARTICLE 156. Germany renounces, in favour of Japan, all her rights, title and privileges—particularly those concerning the territory of Kiaochow, railways, mines and submarine cables—which she acquired in virtue of the Treaty concluded by her with China on March 6, 1898, and of all other arrangements relative to the Province of Shantung.

All German rights in the Tsingtao-Tsinanfu Railway, including its branch lines, together with its subsidiary property of all kinds, stations, shops, fixed and rolling stock, mines, plant and material for the exploitation of the mines, are and remain acquired by Japan, together with all rights and privileges attaching thereto.

The German State submarine cables from Tsingtao to Shanghai and from Tsingtao to Chefoo, with all the rights, privileges and properties attaching thereto, are similarly acquired by Japan, free and clear of all charges and encumbrances.

ART. 157. The movable and immovable property owned by the German State in the territory of Kiaochow, as well as all the rights which Germany might claim in consequence of the works or improvements made or of the expenses incurred by her, directly or indirectly, in connection with this territory, are and remain acquired by Japan, free and clear of all charges and encumbrances.

ART. 158. Germany shall hand over to Japan within three months from the coming into force of the present Treaty the archives, registers, plans, title-deeds and documents of every kind, wherever they may be, relating to the administration, whether civil, military, financial, judicial or other, of the territory of Kiaochow.

Within the same period Germany shall give particulars to Japan of all treaties, arrangements or agreements relating to the rights, title or privileges referred to in the two preceding Articles.

¹ In reference to the German rights and privileges in the Kiaochow leased territory and elsewhere in Shantung, see the convention for the lease of Kiaochow, March 6, 1898 (No. 1, *ante*), and the documents cited in the first footnote thereto, *ante*, p. 1.

For correspondence and official statements in regard to this section of the treaty, see the Note to the present document, *post*, pp. 105 *et seq.*

PART IX.—FINANCIAL CLAUSES

ARTICLE 258. Germany renounces all rights, accorded to her on her nationals by treaties, conventions or agreements, of whatsoever kind, to representation upon or participation in the control or administration of commissions, state banks, agencies or other financial or economic organisations of an international character, exercising powers of control or administration, and operating in any of the Allied or Associated States, or in Austria, Hungary, Bulgaria or Turkey, or in the dependencies of these States, or in the former Russian Empire.

ART. 260. Without prejudice to the renunciation of any rights by Germany on behalf of herself or of her nationals in the other provisions of the present Treaty, the Reparation Commission may within one year from the coming into force of the present Treaty demand and that the German Government become possessed of any rights and interests of German nationals in any public utility undertaking or in any concession operating in Russia, China, Turkey, Austria, Hungary and Bulgaria, or in the possessions or dependencies of these States or in any territory formerly belonging to Germany or her allies, to be ceded by Germany or her allies to any Power or to be administered by a Mandatory under the present Treaty, and may require that the German Government transfer, within six months of the date of demand, all such rights and interests and any similar rights and interests the German Government may itself possess to the Reparation Commission.

Germany shall be responsible for indemnifying her nationals so dispossessed, and the Reparation Commission shall credit Germany, on account of sums due for reparation, with such sums in respect of the value of the transferred rights and interests as may be assessed by the Reparation Commission, and the German Government shall, within six months from the coming into force of the present Treaty, communicate to the Reparation Commission all such rights and interests, whether already granted, contingent or not yet exercised, and shall renounce on behalf of itself and its nationals in favour of the Allied and Associated Powers all such rights and interests which have not been so communicated.

PART X.—ECONOMIC CLAUSES

SECTION I.—COMMERCIAL RELATIONS

CHAPTER IV.—*Treatment of nationals of Allied and Associated Powers*

ARTICLE 276. Germany undertakes:

(a) Not to subject the nationals of the Allied and Associated Powers to any prohibition in regard to the exercise of occupations, professions, trade and industry, which shall not be equally applicable to all aliens without exception;

(b) Not to subject the nationals of the Allied and Associated Powers in regard to the rights referred to in paragraph (a) to any regulation or restriction which might contravene directly or indirectly the stipulations of the said paragraph, or which shall be other or more disadvantageous than those which are applicable to nationals of the most favoured nation;

(c) Not to subject the nationals of the Allied and Associated Powers, their property, rights or interests, including companies and associations in which they are interested, to any charge, tax or impost, direct or indirect, other or higher than those which are or may be imposed on her own nationals or their property, rights or interests;

(d) Not to subject the nationals of any one of the Allied and Associated Powers to any restriction which was not applicable on July 1, 1914, to the nationals of such Powers unless such restriction is likewise imposed on her own nationals.

ART. 277. The nationals of the Allied and Associated Powers shall enjoy in German territory a constant protection for their persons and for their property, rights and interests, and shall have free access to the courts of law.

SECTION II.—TREATIES

ARTICLE 289. Each of the Allied or Associated Powers, being guided by the general principles or special provisions of the present Treaty, shall notify to Germany the bilateral treaties or conventions which such Allied or Associated Power wishes to revive with Germany.

The notification referred to in the present Article shall be made either directly or through the intermediary of another Power. Receipt thereof shall be acknowledged in writing by Germany. The date of the revival shall be that of the notification.

The Allied and Associated Powers undertake among themselves not to revive with Germany any conventions or treaties which are not in accordance with the terms of the present Treaty.

The notification shall mention any provision of the said conventions and treaties which, not being in accordance with the terms of the present Treaty, shall not be considered as revived.

In case of any difference of opinion, the League of Nations will be called on to decide.

A period of six months from the coming into force of the present Treaty is allowed to the Allied and Associated Powers within which to make the notification.

Only those bilateral treaties and conventions which have been the subject of such a notification shall be revived between the Allied and Associated Powers and Germany; all the others are and shall remain abrogated.

The above regulations apply to all bilateral treaties or conventions existing between all the Allied and Associated Powers signatories to the present Treaty and Germany, even if the said Allied and Associated Powers have not been in a state of war with Germany. . . .

ART. 295.¹ Those of the High Contracting Parties who have not yet signed, or who have signed but not yet ratified, the Opium Convention signed at The Hague on January 23, 1912,² agree to bring the said Convention into force, and for this purpose to enact the necessary legislation without delay and in any case within a period of twelve months from the coming into force of the present Treaty.

Furthermore, they agree that ratification of the present Treaty should in the case of Powers which have not yet ratified the Opium Convention be deemed in all respects equivalent to the ratification of that Convention and to the signature of the Special Protocol which was opened at The Hague in accordance with the resolutions adopted by the Third Opium Conference in 1914 for bringing the said Convention into force.

For this purpose the Government of the French Republic will communicate to the Government of the Netherlands a certified copy of the protocol of the deposit of ratifications of the present Treaty, and will invite the Government of the Netherlands to accept and deposit the said certified copy as if it were a deposit of ratifications of the Opium Convention and a signature of the Additional Protocol of 1914. . . .

¹ In connection with Article 295 it is to be noted that Article 23 of this treaty (Part I: The Covenant of the League of Nations) contains the following provision:

"Subject to and in accordance with the provisions of international conventions existing or hereafter to be agreed upon, the Members of the League: . . .

"(c) will entrust the League with the general supervision over the execution of agreements with regard to the traffic in women and children, and the traffic in opium and other dangerous drugs."

² MACMURRAY, vol. II, p. 931.

PART XII.—PORTS, WATERWAYS AND RAILWAYS

SECTION II.—NAVIGATION

CHAPTER I.—*Freedom of Navigation*

ARTICLE 327. The nationals of any of the Allied and Associated Powers as well as their vessels and property shall enjoy in all German ports and on the inland navigation routes of Germany the same treatment in all respects as German nationals, vessels and property.

In particular the vessels of any one of the Allied or Associated Powers shall be entitled to transport goods of any description, and passengers, to or from any ports or places in German territory to which German vessels may have access, under conditions which shall not be more onerous than those applied in the case of national vessels; they shall be treated on a footing of equality with national vessels as regards port and harbour facilities and charges of every description, including facilities for stationing, loading and unloading, and duties and charges of tonnage, harbour, pilotage, lighthouse, quarantine, and all analogous duties and charges of whatsoever nature, levied in the name of or for the profit of the Government, public functionaries, private individuals, corporations or establishments of any kind.

In the event of Germany granting a preferential régime to any of the Allied or Associated Powers or to any other foreign Power, this régime shall be extended immediately and unconditionally to all the Allied and Associated Powers.

There shall be no impediment to the movement of persons or vessels other than those arising from prescriptions concerning customs, police, sanitation, emigration and immigration, and those relating to the import and export of prohibited goods. Such regulations must be reasonable and uniform and must not impede traffic unnecessarily.

SECTION III.—RAILWAYS

CHAPTER III.—*Cession of railway lines*

ARTICLE 371. Subject to any special provisions concerning the cession of ports, waterways and railways situated in the territories over which Germany abandons her sovereignty, and to the financial conditions relating to the concessionnaires and the pensioning of the personnel, the cession of railways will take place under the following conditions:

(1) The works and installations of all the railroads shall be handed over complete and in good condition.

(2) When a railway system possessing its own rolling-stock is handed over in its entirety by Germany to one of the Allied and Associated Powers,

such stock shall be handed over complete, in accordance with the last inventory before November 11, 1918, and in a normal state of upkeep.

(3) As regards lines without any special rolling-stock, Commissions of experts designated by the Allied and Associated Powers, on which Germany shall be represented, shall fix the proportion of the stock existing on the system to which those lines belong to be handed over. These Commissions shall have regard to the amount of the material registered on these lines in the last inventory before November 11, 1918, the length of track (sidings included), and the nature and amount of the traffic. These Commissions shall also specify the locomotives, carriages and wagons to be handed over in each case; they shall decide upon the conditions of their acceptance, and shall make the provisional arrangements necessary to ensure their repair in German workshops.

(4) Stocks of stores, fittings and plant shall be handed over under the same conditions as the rolling-stock.

The provisions of paragraphs 3 and 4 above shall be applied to the lines of former Russian Poland converted by Germany to the German gauge, such lines being regarded as detached from the Prussian State System.

CHAPTER IV.—*Provisions relating to certain railway lines*

ARTICLE 372. When as a result of the fixing of new frontiers a railway connection between two parts of the same country crosses another country, or a branch line from one country has its terminus in another, the conditions of working, if not specifically provided for in the present Treaty, shall be laid down in a convention between the railway administrations concerned. If the administrations cannot come to an agreement as to the terms of such conventions, the points of difference shall be decided by commissions of experts composed as provided in the preceding Article.

PART XV.—MISCELLANEOUS PROVISIONS

ARTICLE 438. The Allied and Associated Powers agree that where Christian religious missions were being maintained by German societies or persons in territory belonging to them, or of which the government is entrusted to them in accordance with the present Treaty, the property which these missions or missionary societies possessed, including that of trading societies whose profits were devoted to the support of missions, shall continue to be devoted to missionary purposes. In order to ensure the due execution of this undertaking the Allied and Associated Governments will hand over such property to boards of trustees appointed by or approved by

the Governments and composed of persons holding the faith of the Mission whose property is involved.

The Allied and Associated Governments, while continuing to maintain full control as to the individuals by whom the Missions are conducted, will safeguard the interests of such Missions.

Germany, taking note of the above undertaking, agrees to accept all arrangements made or to be made by the Allied or Associated Governments concerned for carrying on the work of the said missions or trading societies and waives all claims on their behalf.

ART. 439. Without prejudice to the provisions of the present Treaty, Germany undertakes not to put forward directly or indirectly against any Allied or Associated Power, signatory of the present Treaty, including those which without having declared war, have broken off diplomatic relations with the German Empire, any pecuniary claim based on events which occurred at any time before the coming into force of the present Treaty.

The present stipulation will bar completely and finally all claims of this nature, which will be thenceforward extinguished, whoever may be the parties in interest.

ART. 440. Germany accepts and recognises as valid and binding all decrees and orders concerning German ships and goods and all orders relating to the payment of costs made by any Prize Court of any of the Allied or Associated Powers, and undertakes not to put forward any claim arising out of such decrees or orders on behalf of any German national.

The Allied and Associated Powers reserve the right to examine in such manner as they may determine all decisions and orders of German Prize Courts, whether affecting the property rights of nationals of those Powers or of neutral Powers. Germany agrees to furnish copies of all the documents constituting the record of the cases, including the decisions and orders made, and to accept and give effect to the recommendations made after such examination of the cases.

The present Treaty, of which the French and English texts are both authentic, shall be ratified.

The deposit of ratifications shall be made at Paris as soon as possible.

Powers of which the seat of the Government is outside Europe will be entitled merely to inform the Government of the French Republic through their diplomatic representative at Paris that their ratification has been given; in that case they must transmit the instrument of ratification as soon as possible.

A first *procès-verbal* of the deposit of ratifications will be drawn up as soon as the Treaty has been ratified by Germany on the one hand, and by three of the Principal Allied and Associated Powers on the other hand.¹

¹ This *procès-verbal* was drawn up on January 10, 1920, upon the deposit of ratifications in behalf of Belgium, Bolivia, Brazil, Czecho-Slovakia, France, Great Britain, Guatemala, Italy, Japan, Peru, Poland, Siam, Uruguay and Germany.

From the date of this first procès-verbal the Treaty will come into force between the High Contracting Parties who have ratified it. For the determination of all periods of time provided for in the present Treaty this date will be the date of the coming into force of the Treaty.

In all other respects the Treaty will enter into force for each Power at the date of the deposit of its ratification.

The French Government will transmit to all the signatory Powers a certified copy of the procès-verbaux of the deposit of ratifications.

In faith whereof the above-named Plenipotentiaries have signed the present Treaty.

Done at Versailles, the twenty-eighth day of June, one thousand nine hundred and nineteen, in a single copy which will remain deposited in the archives of the French Republic, and of which authenticated copies will be transmitted to each of the Signatory Powers.

Note

It is understood that the disposition to be made of the German rights in Shantung, by Articles 156, 157 and 158 of the treaty, was decided in principle by the Council of Three comprising the President of the United States and the Prime Ministers of France and Great Britain, at a meeting on April 30, 1919, at which the representatives of Japan were present; and that, upon being apprised of this decision, the Chinese Delegation to the Peace Conference addressed to the President of the Council of Three the following letter:

Chinese Delegation to President of Council of Three.—May 4, 1919

"DELEGATION CHINOISE AU CONGRES DE LA PAIX,

"PARIS, May 4, 1919.

SIR:

"The Right Honorable Arthur J. Balfour, on behalf of the Council of Three, verbally informed the Chinese Delegates on May 1, 1919, of the settlement arrived at by the Council in regard to the Kiaochow-Shantung question. They were given to understand that the clause to be inserted in the Peace Treaty would be very general, to the effect that Germany should renounce all her rights in Kiaochow-Shantung to Japan; that the conclusion reached by the Council of Three regarding Kiaochow-Shantung was that all political rights formerly enjoyed by Germany were to be restored to China; and to Japan were to be given only the economic rights such as a settlement at Tsingtao, the railway already built (Tsingtao-Chinan Railway), the mines connected therewith, and two other railways to be built.

"They were given to understand further that Japan had given explicit assurances to the Council that in exercising the rights thus given her, she strictly observe the principle of the Open Door in letter and spirit, and she had announced to the Council that her policy was to restore full sovereignty in the Shantung Peninsula to China, and that she would not make any exclusive economic use of the port of Tsingtao or any discriminatory rates, rules or regulations for the railways. Japan had also stated to the Council that she would at the earliest possible moment hand back all the political rights to China and withdraw all Japanese troops from Shantung. In the arrangement of this settlement everything had been made so clear that no undesirable inferences could be drawn therefrom by Japan in regard to her position in the affairs of the Far East.

"After listening to the outline of the proposed settlement communicated to them by Mr. Balfour, the Chinese Delegates expressed their disappointment, and requested him to be good enough to ask the Council of Three to send them at the earliest convenience a copy of the draft clause to be inserted in the Peace Treaty and of the records of the proceedings of the Council bearing on the Kiaochow-Shantung question.

"The Chinese Delegation have carefully considered the above outline of the proposed settlement. They would have waited for the complete records before expressing their view of it, but for reasons of urgency. Assuming that the above is a correct summary of what Mr. Balfour explained to them, the Chinese Delegation feel constrained to express their keen disappointment, which will be shared in all its intensity by the Chinese Nation, and enter a formal protest in the name of justice.

"The declaration of war by China against Germany and Austria-Hungary on August 14, 1917,¹ expressly abrogated all treaties, agreements and conventions between China and those Powers, a fact which was officially notified to, and taken cognizance of, by the Allied and Associated Powers. By this declaration, the rights and privileges formerly enjoyed in the Province of Shantung became null and void and China, as the sovereign power in that province, became automatically revested of them. It is difficult to see on what ground these rights can be taken from China and transferred to Japan.

"Japan has presumably based her claim on the agreements of 1915 and on the notes of 1918 with China.² The 1915 agreements were however concluded by China under the coercion of a Japanese ultimatum threatening war. The Chinese Government was obliged to exchange the 1918 notes because the continued presence of the Japanese troops in the interior of Shantung and the unauthorized establishment of Japanese administrative bureaux which attempted to govern Shantung as Japanese territory, roused such popular indignation and opposition that no other course seemed open to the Chinese Government to rid the province of their presence.

"If the Shantung peninsula is to be restored in full sovereignty, according to the proposed settlement, to China, the reason does not appear clear why recourse should be had to two steps instead of one, why the initial transfer should be made to Japan and then leave it to her to 'voluntarily engage' to restore it to China.

"Notwithstanding the proposed division of political and economic rights the substitution of Japan for Germany in Shantung so entrenches Japanese influence in this Province as to expose China to a greater menace than before because Japan is nearer to China than Germany.

"China, in coming to the Peace Conference, has relied on the Fourteen Points set forth by President Wilson in his address to Congress on the 8th January, 1918, and the principles laid down in his subsequent addresses, and formerly adopted by the Powers associated against Germany. She has relied on the spirit of honourable relationship between states which is to open a new era in the world and inaugurate the League of Nations. She has relied, above all, on the justice and equity of her case. The result has been to her a grievous disappointment.

"The Chinese Delegation feel it to be their duty to register a formal protest with the Council of three against the proposed settlement of the Kiaochow-Shantung question.

"I have the honour to be, Sir,

"Your most obedient, humble servant,

"(Signed) LOU TSENG-TSIANG.

"To the President, the Council of Three,

"Peace Conference, Paris."

On May 5, 1919, Baron Makino, of the Japanese Delegation, gave to a representative of the Paris *Temps* an interview which appeared in the next day's issue of that paper, under the title "A Japanese Declaration," of which the translation is as follows:

Baron Makino's Statement to the "Temps".—May 5, 1919

"Baron Makino, when receiving a representative of the *Temps*, manifested a desire to make it clearly understood, in explaining the position of Japan in regard to the question of Shantung, that the policy of Japan consists in handing back the Shantung Peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany, and the right to establish a settlement under the usual conditions at Tsingtao.

"As regards the railway, which is to become a joint Sino-Japanese enterprise, Baron Makino further declared that the owners of the railway will use special police only to ensure security for traffic; that they will be used for no other purpose; that the police force will be composed of Chinese, and that such Japanese instructors as the directors of the railway may select will be appointed by the Chinese Government.

¹ MACMURRAY, vol. II, p. 1361.

² Nos. 9 and 12, respectively, *ante*.

"The official declaration set forth above was announced in the *Temps* of May 2. Its purpose is to dispel the erroneous impressions to which Articles 2 and 4 of the Sino-Japanese agreement of September 24, 1918, had given rise.

"It will be recalled that those articles are as follows:

"Article 2.—The Chinese Government will provide for the guarding of the railway from Tsingtao to Tsinan and for the organization of a police force for that purpose.

"Article 4.—Japanese will be employed in the headquarters of this force, at the principal stations on the railway, and at places where the police forces are trained."

"Baron Makino's declaration is destined to show that, in the organization of the police established by the foregoing texts, there will be no impairment of the principles upon which the Shantung question is to be settled. In the intention of the Japanese Government, those principles are as follows: The political sovereignty will be restored to China, and the economic privileges will remain assigned to Japan."

At a plenary session of the Preliminary Peace Conference, on May 6, 1919, when a summary of the draft treaty of peace with Germany was read to the Allied and Associated Powers, Mr. Lou Tseng-tsiang, Minister for Foreign Affairs and President of the Chinese Delegation to the Peace Conference, read the following "reservation in respect of the special provision in the draft treaty of peace with Germany relating to the disposition of German rights in Kiaochow-Shantung:"

Chinese Reservation of May 6, 1919

"The Chinese Delegation beg to express their deep disappointment at the settlement proposed by the Council of Three of the Kiaochow-Shantung question, upon which settlement alone the clauses in this draft Treaty of Peace with Germany just read which relate to the disposal of German rights in the said Chinese Province seem to be based. They feel certain that their disappointment will be shared in all its intensity by the Chinese nation. The proposed settlement appears to have been made without giving due regard to the considerations of right, justice and the national security of China,—considerations which the Chinese Delegation emphasized time and again in their hearings before the Council of Ten and the Council of Three. They have registered a formal protest with the Council of Three against the proposed settlement in the hope of having it revised, and if such revision cannot be had, they deem it their duty to make a reservation on the said clauses now."

The Chinese Delegation on May 26, 1919, addressed to the President of the Peace Conference a further remonstrance against the proposed settlement of the Shantung question, as follows:

Chinese Delegation to President of Peace Conference.—May 26, 1919

"DELEGATION CHINOISE AU CONGRES DE LA PAIX,

"May 26, 1919.

"Mr. President:

"The Council of Prime Ministers having announced on April 30th their conclusion in respect of the question of the disposal of German rights in the Chinese Province of Shantung, I, in behalf of the Chinese Delegation, addressed to the Council a formal protest against it on May 4th. Subsequently at the Plenary Session of the Preliminary Peace Conference on May 6th when a summary of the Conditions of Peace with Germany was read, I made a reservation on the clauses relating to the disposal of German rights in Kiaochow-Shantung, which appeared to be based exclusively upon the Council's conclusion.

"In the evening of May 7th, after the German Plenipotentiaries had been handed the full text of the 'Conditions of Peace,' the Chinese Delegation received a copy of the text from the Conference. Examination of Articles 156, 157 and 158, which deal with the Kiaochow-Shantung question, makes China's disappointment all the more poignant. Not only no provision is made therein for safeguarding the rights of China as the territorial sovereign over the entire Province of Shantung and insuring the welfare of the millions of Chinese people who have inhabited it from time immemorial, but the said three Articles are also couched in such language as unmistakably to convey the painful impression to the Chinese people, who yield to none in their love for their fatherland, that the transfer of all the rights, title and privileges provided therein, while nominally asked of Germany, is in reality to be made only at the expense of a loyal partner in the war on the side of the Allied and Associated Powers.

"The announcement of the Council's conclusion on the Kiaochow-Shantung question has caused a nation-wide disappointment in China and evoked voices of protest from the Chinese people everywhere. The Chinese Delegation have received messages from the Parliament, the Provincial Legislatures, the Chambers of Commerce, Educational and Agricultural Associations, and other important organizations both in China and abroad, urging the Chinese Delegates not to sign the Treaty of Peace with Germany.

"In view of this unmistakable indication of the views of the Chinese people, the Chinese Government have little choice as to the course open to them to take *vis-à-vis* the Treaty of Peace with Germany; but sincerely desirous to avoid, if possible, any step capable of being construed as marring the unity of purpose of the Allied and Associated Powers in restoring peace to the world as in prosecuting the war against Germany, they have decided to sign the treaty of Peace with Germany under the reservation already made at the Plenary Session held on May 6th, in respect of the clauses relating to the transfer of German rights in Shantung. In coming to this decision, the Chinese Government desire to assure you, however, that their objection is not to the renunciation by Germany of her rights, title, and privileges in Shantung, but solely to such renunciation being made in favour of Japan, to the prejudice of China's sovereign rights.

"Pursuant to instructions from my Government, I have the honour, therefore, to inform you that the Chinese Plenipotentiaries will sign for the Republic of China the Treaty of Peace with Germany under the reservation made and recorded in the minutes of the proceedings of the Plenary Session of the Preliminary Peace Conference on May 6, 1919.

"I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

"(Signed) LOU TSENG-TSIANG.

"Son Excellence Monsieur CLEMENCEAU,
"President of Peace Conference."

The following is the text of the reservation upon which the Chinese Delegation proposed to join in the conclusion of the treaty, on June 28, 1919, but which was held to be inadmissible under a decision of the Supreme Council against allowing reservations at the time of signature:

Proposed Chinese Reservation of June 28, 1919

"In proceeding to sign the Treaty of Peace with Germany today, the undersigned, Plenipotentiaries of the Republic of China, considering as unjust Articles 156, 157 and 158 therein which purport to transfer the German rights in the Chinese Province of Shantung to Japan instead of restoring them to China the rightful sovereign over the territory and a loyal co-partner in the war on the side of the Allied and Associated Powers, hereby declare, in the name and on behalf of their Government, that their signing of the Treaty is not to be understood as precluding China from demanding at a suitable moment the reconsideration of the Shantung question, to the end that the injustice to China may be rectified in the interest of permanent peace in the Far East.

"(Signed) LOU TSENG-TSIANG.

"CHENGTING THOMAS WANG.

"PARIS, June 28, 1919.

"To His Excellency Georges Clemenceau,
"President of the Peace Conference."

The Chinese Delegation on June 28, 1919, issued to the press the following official statement:

Official Statement of Chinese Delegation.—June 28, 1919

"Feeling the injustice of the settlement of the Shantung question made by the Conference, the Chinese Delegation sent a formal protest to the Council of Prime Ministers under date of May 4, 1919, and made a reservation at the Plenary Session of May 6 last, *vis-à-vis* the clauses concerning that question in the Conditions of Peace which, taking that settlement for their basis, purport to transfer German rights in the Chinese Province of Shantung to Japan instead of restoring them to China, the rightful sovereign

over the territory and a loyal co-partner in the war on the side of the Allied and Associated Powers.

"The announcement of the settlement evoked a nation-wide protest in China, which was participated in by the Chinese people in every part of the world. In view of the united opposition of public opinion, the Chinese Government had no course open to them except to decline to accept the clauses in question. To this effect they instructed the Chinese Delegates at Paris, who accordingly notified the President of the Peace Conference on May 26th last in a formal communication that they would sign the treaty of peace with Germany subject to the reservation made on May 6th last.

"On May 28th last, the Secretary General of the Conference acknowledged the receipt of the notification and stated that it had been transmitted to the Delegations of the Principal Allied and Associated Powers represented in the Supreme Council. From that time on, the Chinese Delegation received no word from the Conference on the matter of reservation.

"It was not until the 24th instant that the Chinese Delegation was informed by the Secretary General on behalf of the President of the Conference that reservations in the text of the treaty of peace were not permissible, for want of precedent, though there is a notable precedent in the Treaty of Vienna, of June 9, 1815, which was signed by the Swedish plenipotentiary with a reservation made under his signature on three articles in the treaty.

"What the Chinese Delegates first proposed to do was merely to write in the treaty over their signatures the words 'Subject to the reservation made at the Plenary Session of May 6, 1919, relative to the question of Shantung (Articles 156, 157 and 158).' When this insertion was refused, the Chinese Delegation proposed to make the reservation an annex to the treaty. On this being refused, they proposed to send to the President of the Conference, before proceeding to Versailles, a separate declaration in writing to the effect that the Chinese plenipotentiaries would sign the treaty subject to the reservation of May 6th, which was intended to enable China, after the signing of the treaty, to ask for the reconsideration of the Shantung question. This, again, was refused, and the refusal was explained on the ground that the Supreme Council had decided to admit no reservation of any kind in the text of the treaty, or separately, before it was signed, but that the Delegation could send him a declaration after its signature.

"As the validity of a declaration made after the signing of the treaty would be doubtful, the Delegation urged the right of making one in advance of it; but out of deference to the decision of the Council to admit no reservations whatever, it suggested a further modification of the wording, so that the signing of the treaty by the Chinese plenipotentiaries might not be understood as precluding China from asking at a suitable moment for the reconsideration of the Shantung question. This proposal, to the surprise of the Delegation, was once again refused.

"After failing in all their earnest attempts at conciliation and after seeing every honorable compromise rejected, the Chinese delegation had no course open to them except to adhere to the path of duty to their country. Rather than accepting by their signatures Articles 156, 157 and 158 in the treaty against which their sense of right and justice militated, they refrained from signing the treaty altogether.

"The Chinese plenipotentiaries regret having had to take a course which appears to mar the solidarity of the Allied and Associated Powers; but they are firmly of opinion, however, that the responsibility for this step rests, not with themselves, who had no other honorable course to pursue, but rather with those who, it is felt, unjustly and unnecessarily deprived them of the right of making a declaration to safeguard against any interpretation which might preclude China from asking for a reconsideration of the Shantung question at a suitable moment in future, in the hope that the injustice to China might be rectified later in the interest of permanent peace in the Far East.

"The Peace Conference having denied China justice in the settlement of the Shantung question and having today in effect prevented them from signing the treaty without sacrificing their sense of right, justice and patriotic duty, the Chinese Delegates submit their case to the impartial judgment of the world.

"June 28, 1919."

On August 2, 1919, Viscount Uchida, Minister for Foreign Affairs of Japan, made to the press in Tokyo a statement of which the following is the translation as issued by the Japanese Embassy in Washington and printed in the *Washington Post* of August 7, 1919:

Statement of Japanese Minister for Foreign Affairs.—August 2, 1919

"It appears that in spite of the official statement which the Japanese delegation at Paris issued on May 5 last, and which I fully indorsed in an interview with the representatives of the press on May 17, Japan's policy respecting the Shantung question is little understood or appreciated abroad.

"It will be remembered that in the ultimatum which the Japanese Government addressed to the German Government on August 15, 1914, they demanded of Germany 'to deliver on a date not later than September 15, 1914, to the imperial authorities without condition or compensation the entire leased territory of Kiaochow with a view to eventual restoration of the same to China.' The terms of that demand have never elicited any protest on the part of China or any other allied or associated powers.

"Following the same line of policy, Japan now claims as one of the essential conditions of peace that the leased territory of Kiaochow should be surrendered to her without condition or compensation. At the same time abiding faithfully by the pledge which she gave China in 1915,¹ she is quite willing to restore to China the whole territory in question and to enter upon negotiations with the government at Peking as to the arrangement necessary to give effect to that pledge as soon as possible after the treaty of Versailles shall have been ratified by Japan.

"Nor has she any intention to retain or claim any rights which affect the territorial sovereignty of China in the province of Shantung. The significance of the clause appearing in Baron Makino's statement of May 5 that 'the policy of Japan is to hand back the Shantung peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany' must be clear to all.

"Upon arrangement being arrived at between Japan and China for the restitution of Kiaochow, the Japanese troops at present guarding that territory and the Kiaochow-Tsinanfu Railway will be completely withdrawn.

"The Kiaochow-Tsinanfu Railway is intended to be operated as a joint Sino-Japanese enterprise without any discrimination in treatment against the people of any nation.

"The Japanese Government have, moreover, under contemplation proposals for the establishment in Tsingtao of a general foreign settlement, instead of the exclusive Japanese settlement, which by the agreement of 1915 with China, they are entitled to claim."

In connection with this statement of the Japanese Minister for Foreign Affairs, President Wilson on August 6, 1919, made public a statement thus quoted in the *New York Times* of August 7, 1919:

Statement of President Wilson.—August 6, 1919

"The Government of the United States has noted with the greatest interest the frank statement made by Viscount Uchida with regard to Japan's future policy respecting Shantung. The statement ought to serve to remove many misunderstandings which had begun to accumulate about this question.

"But there are references in the statement to an agreement entered into between Japan and China in 1915 which might be misleading if not commented upon in the light of what occurred in Paris when the clauses of the Treaty affecting Shantung were under discussion. I therefore take the liberty of supplementing Viscount Uchida's statement with the following:

"In the conference of the 30th of April last, where this matter was brought to a conclusion among the heads of the principal Allied and Associated powers, the Japanese delegates, Baron Makino and Viscount Chinda, in reply to a question put by myself, declared that:

"The policy of Japan is to hand back the Shantung peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany, and the right to establish a settlement under the usual conditions at Tsingtao.

"The owners of the railway will use special police only to insure security for traffic. They will be used for no other purpose.

"The police forces will be composed of Chinese, and such Japanese instructors as the directors of the railway may select will be appointed by the Chinese Government."

"No reference was made to this policy being in any way dependent upon the execution of the agreement of 1915 to which Viscount Uchida appears to have referred. In-

¹ No. 9, ante.

deed, I felt it my duty to say that nothing that I agreed to must be construed as an acquiescence on the part of the Government of the United States in the policy of the notes exchanged between China and Japan in 1915 and 1918, and reference was made in the discussion to the enforcement of the agreements of 1915 and 1918 only in case China failed to co-operate fully in carrying out the policy outlined in the statement of Baron Makino and Viscount Chinda.

"I have, of course, no doubt that Viscount Uchida had been apprised of all the particulars of the discussion in Paris, and I am not making this statement with the idea of correcting his, but only to throw a fuller light of clarification upon a situation which ought to be relieved of every shadow of obscurity or misapprehension.

"WOODROW WILSON."

During the consideration of the treaty of peace with Germany by the Senate of the United States, the President invited the Senate Committee on Foreign Relations, under the chairmanship of Senator Lodge, to a conference at the White House on August 19, 1919. At that conference there were discussions of a number of questions in connection with the treaty, of which those most immediately relating to China are herewith reproduced from the volume of *Hearings . . . on the Treaty of Peace with Germany, etc.* (Senate Document No. 106, 66th Congress, 1st Session. Washington, Government Printing Office, 1919):

**Conference of President Wilson with Senate Committee on Foreign Relations.—
August 19, 1919**

"Senator BORAH. . . . I should like to know when the first knowledge came to this Government with reference to the secret treaties between Japan, Great Britain, Italy, and France concerning the German possessions in Shantung?

"The PRESIDENT. . . . I can only reply from my own knowledge, and my own knowledge came after I reached Paris.

"Senator BORAH. Do you know when the secret treaties between Japan, Great Britain, and other countries were first made known to China?

"The PRESIDENT. No, sir; I do not. I remember a meeting of what was popularly called the council of ten, after our reaching Paris, in which it was first suggested that all these understandings should be laid upon the table of the conference. That was some time after we reached there, and I do not know whether that was China's first knowledge of these matters or not.

"Senator BORAH. Would it be proper for me to ask if Great Britain and France insisted upon maintaining these secret treaties at the peace conference as they were made?

"The PRESIDENT. I think it is proper for me to answer that question, sir. I will put it in this way: They felt that they could not recede from them, that is to say, that they were bound by them, but when they involved general interests such as they realized were involved, they were quite willing, and indeed I think desirous, that they should be reconsidered with the consent of the other parties. I mean with the consent, so far as they were concerned, of the other parties.

"Senator MOSES. Were all those treaties then produced, Mr. President?

"The PRESIDENT. Oh, yes.

"Senator WILLIAMS. Mr. President, I wish to ask you a question in order to see if the facts are clear in my own mind. As I understand the situation—and I should like to have you correct me if I am wrong—France and Great Britain both have stated that they were bound by certain treaties with Japan and they were perfectly willing, with Japan's consent, to reconsider those treaties, but that they were themselves bound if the other party to the treaty did not consent to reconsider. Is that about it?

"The PRESIDENT. Yes.

"Senator SWANSON. Can you tell us, or would it be proper to do so, of your understanding with Japan as to the return of Shantung? That is a question which has been very much discussed.

"The PRESIDENT. I have published the wording of the understanding, Senator. I can not be confident that I quote it literally, but I know that I quote it in substance. It was that Japan should return to China in full sovereignty the old Province of Shantung so far as Germany had had any claims upon it, preserving to

herself the right to establish a residential district at Tsingtao, which is the town of Kiaochow Bay; that with regard to the railways and mines she should retain only the rights of an economic concession there, with the right, however, to maintain a special body of police on the railway, the personnel of which should be Chinese under Japanese instructors nominated by the managers of the company and appointed by the Chinese Government. I think that is the whole of it.

"Senator POMERENE. That is, that the instructors should be confirmed by the Chinese Government?

"The PRESIDENT. No; not exactly that. The language, as I remember it, was that they should be nominated by the managers of the railway company, and appointed by the Chinese Government.

"Senator BORAH. Was that understanding oral?

"Senator WILLIAMS. This rather curious question presents itself to my mind: As I understand, Japan has retained sovereignty for the 99 years of the lease only at Kiaochow, and 5 kilometers, or some such distance back from the bay.

"The PRESIDENT. She has not retained sovereignty over anything.

"Senator WILLIAMS. She has not?

"The PRESIDENT. I mean, she has promised not to.

"Senator WILLIAMS. During the period of the lease?

"The PRESIDENT. No; she has promised not to retain sovereignty at all. Senator Borah asked whether this understanding was oral or otherwise. I do not like to describe the operation exactly if it is not perfectly discreet, but as a matter of fact this was technically oral, but literally written and formulated, and the formulation agreed upon.

"Senator JOHNSON of California. When, Mr. President, is the return to be made?

"The PRESIDENT. That was left undecided, Senator, but we were assured at the time that it would be as soon as possible.

"Senator JOHNSON of California. Did not the Japanese decline to fix any date?

"The PRESIDENT. They did at that time, yes; but I think it is fair to them to say not in the spirit of those who wished it be within their choice, but simply that they could not at that time say when it would be.

"Senator JOHNSON of California. The economic privileges that they would retain would give them a fair mastery over the Province, would they not, or at least the Chinese think so? Let me put it in that fashion, please.

"The PRESIDENT. I believe they do, Senator. I do not feel qualified to judge. I should say that was an exaggerated view.

"Senator JOHNSON of California. But the Chinese feel that way about it, and have so expressed themselves?

"The PRESIDENT. They have so expressed themselves.

"Senator McCUMBER. Mr. President, I should like to get as definite an understanding as I can, at least, of how these promises of Japan to return Shantung are evidenced to-day. In what form do they appear?

"The PRESIDENT. They are evidenced in a procès-verbal of the so-called council of four—the name that we ourselves used was very much more pretentious; we called ourselves the council of the principal allied and associated powers—but the four who used to confer, or rather the five, because Japan was there of course at that time.

"Senator McCUMBER. The principal points were taken down in writing and read over and compared and preserved, were they?

"The PRESIDENT. Not read over and compared, but preserved. The process each day was this, Senator: The matters discussed were summarized, and the conclusions reached were recorded in a procès-verbal, copies of which were distributed within 24 hours; and of course it was open to any one of the conferees to correct anything they might contain. Only in that sense were they corrected.

"Senator McCUMBER. Where are those records kept now?

"The PRESIDENT. They are in Paris, sir.

"Senator McCUMBER. Is there any objection to their being produced for the committee?

"The PRESIDENT. I think there is a very serious objection, Senator. The reason we constituted that very small conference was so that we could speak with the utmost absence of restraint, and I think it would be a mistake to make use of those discussions outside. I do not remember any blazing indiscretion of my own, but there may be some.

"Senator McCUMBER. In those conversations it was fully understood that Japan was to return Shantung as soon as possible?

"The PRESIDENT. Yes, sir.

"Senator McCUMBER. Was there anything stated as to what was meant by 'as soon as possible'—that is, to place it within any definite period at all?

"The PRESIDENT. No, sir; no. We relied on Japan's good faith in fulfilling that promise.

"Senator McCUMBER. Was there anything outside? If I go too far in my questions you can signify it, Mr. President.

"The PRESIDENT. How do you mean outside, Senator?

"Senator McCUMBER. Was there anything said by Japan as to anything that she would want to do before she turned the territory over to China?

"The PRESIDENT. No; nothing was mentioned.

"Senator McCUMBER. Then 'as soon as possible' would naturally mean, would it not, as soon as the treaty has been signed under which she accepts the transfer from Germany?

"The PRESIDENT. Well, I should say that it would mean that the process should begin then. Of course there would be many practical considerations of which I know nothing that might prolong the process.

"Senator McCUMBER. And all that Japan reserves is the same that other great nations have reserved—certain concessions?

"The PRESIDENT. A residential concession and economic concessions; yes, sir.

"Senator McCUMBER. The same as Great Britain and France and other countries have retained there?

"The PRESIDENT. Yes; and I ought to say that the representatives of Japan showed every evidence of wishing to put the matter upon just the same basis that the dealings of other nations with China have rested upon for some time.

"Senator McCUMBER. The whole purpose of my question, Mr. President, is to satisfy my mind, if I can, that Japan will in good faith carry out her agreement.

"The PRESIDENT. I have every confidence that she will, sir.

"Senator MOSES. Mr. President, are these procès-verbaux to be deposited anywhere as a matter of public record?

"The PRESIDENT. That had not been decided, Senator. Of course, if they were deposited as a matter of public record, there would be certain very great disadvantages.

"Senator MOSES. Are they to be deposited with the secretariat of the league of nations?

"The PRESIDENT. No, sir.

"Senator MOSES. Without some such depository, how otherwise would this engagement of Japan, as embodied in the procès-verbal, be brought forward for enforcement?

"The PRESIDENT. There would be as many copies of the procès-verbal as there were members of the conference in existence much longer than the time within which we shall learn whether Japan will fulfill her obligations or not.

"Senator POMERENE. Mr. President, I have another question or two on the Shantung proposition that I should like to ask, if I may.

"Assuming for the sake of the argument that there were to be some undue delay on the part of Japan in turning back to China her rights in Shantung, and that China were to make complaint to the council provided for in the league of nations, have you any doubt, but that it would be taken up promptly by all members of that council for their consideration and determination?

"The PRESIDENT. No, sir; I have not any doubt of it.

"Senator JOHNSON of California. Did China enter the war upon our advice—the advice of the United States?

"The PRESIDENT. I can not tell, sir. We advised her to enter, and she soon after did. She had sought our advice. Whether that was the persuasive advice or not, I do not know.

"Senator JOHNSON of California. Do you recall, Mr. President, that preceding that advice we had asked China as one of the neutral nations, to sever diplomatic relations with Germany?

"The PRESIDENT. Whether we had asked her?

"Senator JOHNSON of California. Yes, sir.

"The PRESIDENT. I do not recall, Senator. I am sure Mr. Lansing can tell, though, from the records of the department.

"Senator JOHNSON of California. Do you know, Mr. President, whether or not our Government stated to China that if China would enter the war we would protect her interests at the peace conference?

"The PRESIDENT. We made no promises.

"Senator JOHNSON of California. No representations of that sort?

"The PRESIDENT. No. She knew that we would as well as we could. She had every reason to know that.

"Senator JOHNSON of California. Pardon me a further question: You did make the attempt to do it, too; did you not?

"The PRESIDENT. Oh, indeed I did; very seriously.

"Senator JOHNSON of California. And the decision ultimately reached at the peace conference was a disappointment to you?

"The PRESIDENT. Yes, sir; I may frankly say that it was.

"Senator JOHNSON of California. You would have preferred, as I think most of us would, that there had been a different conclusion of the Shantung provision, or the Shantung difficulty or controversy, at the Paris peace conference?

"The PRESIDENT. Yes; I frankly intimated that.

"Senator JOHNSON of California. Did it require the unanimous consent of the members of the peace conference to reach a decision like the Shantung decision?

"The PRESIDENT. Every decision; yes, sir.

"Senator JOHNSON of California. Do you recall, Mr. President, prior to the decision on the territorial question of Shantung, or of German rights in Shantung, the racial equality question coming before the peace conference?

"The PRESIDENT. I remember that at one of the sessions called plenary sessions a resolution regarding that matter was introduced by the Japanese representatives, but rather as an expression of opinion or hope, and it was not pressed for action.

"Senator JOHNSON of California. Mr. President, the press at that time stated that it had gone to a vote—and I trust some one will correct me if I am in error—and that the vote was 11 to 6 upon the proposition. The dispatches at that time were to that effect.

"The PRESIDENT. I was misled, Senator. You are referring to the commission on a league of nations?

"Senator JOHNSON of California. Yes.

"The PRESIDENT. There was a vote there. There never was a vote on any subject in the peace conference.

"Senator JOHNSON of California. . . . Did Japan decline to sign the award as made or provided in the peace treaty?

"The PRESIDENT. Her representatives informed us, Senator, that they were instructed not to sign in that event.

"Senator JOHNSON of California. Was the determination finally reached a balancing of the difficulties or the disadvantages that might arise because of the balancing of those advantages or disadvantages?

"The PRESIDENT. I do not know that I could answer that either 'yes' or 'no', Senator. It was a matter of many conversations and of many arguments and persuasions.

"Senator JOHNSON of California. Was the decision reached—if you will pardon the perfectly blunt question—because Japan declined to sign unless that decision was reached in that way?

"The PRESIDENT. No; I do not think it would be true to say 'yes' to that question. It was reached because we thought it was the best that could be got, in view of the definite engagements of Great Britain and France, and the necessity of a unanimous decision, which we held to be necessary in every case we have decided.

"Senator JOHNSON of California. Great Britain and France adhered to their original engagements, did they not?

"The PRESIDENT. They said that they did not feel at liberty to disregard them.

"Senator JOHNSON of California. And you, Mr. President, were the one who was endeavoring to determine—I gather this from the news dispatches—the question upon its merits and its justice.

"The PRESIDENT. Our Government was the only Government free under the circumstances; yes.

"Senator JOHNSON of California. Yes, sir. Do you mind stating, or would you prefer not, what it was that caused you ultimately to accede to the decision that was demanded by Japan?

"The PRESIDENT. Only the conclusion that I thought it was the best that could be got under the circumstances.

"Senator BRANDEGEE. May I interpolate there without disturbing you, Senator Johnson?

"Senator JOHNSON of California. Yes, sir.

"Senator BRANDEGEE. In Part 6 of the hearings before our committee, on page 182, Senator Johnson of California questioned Secretary Lansing. (Reading:)

"Senator JOHNSON of California. Was the Shantung decision made in order to have the Japanese signature to the league of nations?

"Secretary LANSING. That I can not say.

"Senator JOHNSON of California. In your opinion was it?

"Secretary LANSING. I would not want to say that, because I really have not the facts on which to form an opinion along that line.

"Senator JOHNSON of California. Would the Japanese signatures to the league of nations have been obtained if you had not made the Shantung agreement?

"Secretary LANSING. I think so.

"Senator JOHNSON of California. You do?

"Secretary LANSING. I think so.

"Senator JOHNSON of California. So that even though Shantung had not been delivered to Japan, the league of nations would not have been injured?

"Secretary LANSING. I do not think so.

"Senator JOHNSON of California. And you would have had the same signatories that you have now?

"Secretary LANSING. Yes; one more, China.

"Senator JOHNSON of California. One more, China. So that the result of the Shantung decision was simply to lose China's signature rather than to gain Japan's?

"Secretary LANSING. That is my personal view, but I may be wrong about it.

"Senator JOHNSON of California. Why did you yield on a question on which you thought you ought not to yield and that you thought was a principle?

"Secretary LANSING. Because naturally we were subject to the direction of the President of the United States.

"Senator JOHNSON of California. And it was solely because you felt that you were subject to the decision of the President of the United States that you yielded?

"Secretary LANSING. Yes.

"Senator JOHNSON of California. The decision is his?

"Secretary LANSING. Necessarily.

"Now, I wondered whether Secretary Lansing was well informed about this question or not?

"The PRESIDENT. Well my conclusion is different from his, sir.

"Senator BRANDEGEE. You could not have got the signature of Japan if you had not given Shantung?

"The PRESIDENT. That is my judgment.

"Senator BRANDEGEE. You say you were notified to that effect?

"The PRESIDENT. Yes, sir.

"Senator SWANSON. As I understand, you were notified that they had instructions not to sign unless this was included.

"The PRESIDENT. Yes.

"Senator BORAH. And was it your judgment that after the treaty had been ratified, China's rights would be protected and Japan would surrender to China what she said she would?

"The PRESIDENT. Yes.

"Senator SWANSON. As I understand it, you consider this verbal agreement effective as relating to Shantung and you understood that this conveyance would be followed by a conveyance to China.

"The PRESIDENT. Not to supersede it, but the action by Japan is to follow."

The following is a translation of a statement issued to the press in Tokyo by the Japanese Ministry for Foreign Affairs on January 26, 1920:

Statement of Japanese Ministry for Foreign Affairs, January 26, 1920

"With the coming into effect of the Treaty of Peace the rights and interests of Germany in Shantung have definitely passed into the hands of Japan. With a view to fulfilling its often repeated declaration and promises and carrying out the retrocession of Kiaochow Bay and other reconstruction measures, the Imperial Government has instructed the Imperial Japanese Minister at Peking to make representations to the Chinese Government in the following sense:

"Inasmuch as the Peace Treaty has finally come into effect the Imperial Government in its often repeated declarations is desirous of entering into negotiations with the Chinese Government in regard to the retrocession of Kiaochow Bay and other questions in reconstruction measures and to prepare for a speedy settlement of these questions. It, therefore, hopes that the Chinese Government also will make the necessary preparations.

"With reference to our troops along the line of the Shantung Railway, it is desired, as has previously been declared, to withdraw the troops as quickly as possible, as soon as an agreement in regard to the retrocession of Kiaochow Bay and other matters is concluded between Japan and China, or even before. If there is no one to take charge of the protection of the railway after the withdrawal of our forces there will be no way of assuring the safety of transportation. This will be disadvantageous not only to Japan but also to China who as a co-partner in this enterprise will share alike in its interests. Therefore, although our troops will for the present have to be retained for its protection until China completes the organization of a police force and takes charge of the protection of the railway, if China speedily commences and completes the organization of this police force our troops will be withdrawn even before the conclusion of a Sino-Japanese agreement. It is therefore hoped that the Chinese Government will understand this and will complete the organization of the police force as speedily as possible."

No. 15

GERMANY AND CHINA

Declaration, Agreement and Note of the Chinese Minister of Foreign Affairs to the German Representative at Peking.—May 20, 1921

DECLARATION ¹

The undersigned, representative of the Government of the German Republic, duly authorized thereto, has the honor to make in behalf of his Government the following statement to the Minister of Foreign Affairs of the Chinese Republic:

The Government of the German Republic, animated by a desire to restore relations of friendship and of commerce between China and Germany,

Considering that such relations must rest on the principles of perfect equality and absolute reciprocity in accordance with the rules of the general law of nations,

¹Translation from the French text published by the Chinese Government.

Considering that under date of September 15, 1919, the President of the Chinese Republic published an order concerning the restoration of peace with Germany,

Considering that Germany pledges itself to fulfil its obligations to China flowing from Articles 128-134 of the Treaty of Versailles of June 28, 1919, which went into effect on January 10, 1920,

Makes it of record that Germany as a consequence of the events of war and of the Treaty of Versailles was compelled to relinquish all the rights, titles and privileges which it had acquired by virtue of the treaty made by it with China on March 6, 1898, and of all other instruments relating to the Province of Shantung and is thereby made unable to return them to China,

And formally declares:

That it agrees to the abrogation of consular jurisdiction in China, relinquishes in favor of China all the rights that the German Government possesses in the "glacis" appurtenant to the German Legation at Peking, admitting that the phrase "public property" in the first paragraph of Article 130 of the Treaty of Versailles shall also include the above-mentioned land, and is ready to repay the Chinese Government the cost of the internment of German militaries in the several internment camps in China.

The undersigned takes this opportunity to renew to the Minister of Foreign Affairs the assurance of his high consideration.

PEKING, May 20, 1921.

R. VON BORCH,
Representative of the German Government.

THE CHINO-GERMAN AGREEMENT¹

The Government of the Chinese Republic and the Government of the German Republic, animated by the desire to re-establish the relations of friendship and commerce by an agreement between the two countries, taking as basis the declaration of the Republic of Germany dated on this day, and recognizing that the application of the principles of respect for territorial sovereignty, of equality, and of reciprocity is the only means to maintain good understanding between peoples, have named, for this purpose, as their Plenipotentiaries, that is to say:

The Government of the Chinese Republic: Mr. W. W. Yen, Minister of Foreign Affairs;

The Government of the German Republic: Mr. H. von Borch, Consul General;

Who, after having communicated to each other their full powers, which are found to be in good and due form, have agreed upon the following provisions:

¹Translation from the French text published by the Chinese Government.

ARTICLE I. The two High Contracting Parties shall have the right mutually to send duly accredited diplomatic representatives who shall reciprocally enjoy in the country of their residence the privileges and immunities that are accorded to them by the law of nations.

ART. II. The two High Contracting Parties accord to each other the right to appoint, in all the places where there is established a consulate or a vice-consulate of a third nation, consuls, vice-consuls, and consular agents, who shall be treated with the consideration and regard that are accorded to the agents of the same grade of other nations.

ART. III. The nationals of either Republic residing in the territory of the other shall have the right, in conformity with the laws and regulations of the country, to travel, to reside, and to engage in commerce or industry, in all the places where the nationals of another nation are allowed to do so.

They shall be placed, both as to their persons and their property, under the jurisdiction of the local courts: they shall conform themselves to the laws of the country where they reside. They shall not pay any imposts, taxes, or contributions higher than those paid by the nationals of the country.

ART. IV. The two High Contracting Parties recognize that all customs matters are regulated solely by the internal legislation of each of them. No duties higher than those paid by the nationals of the country shall, however, be levied on the products, raw or manufactured, from either Republic or from a third country, when imported, exported or in transit.

ART. V. The Declaration of the Republic of Germany on this day and the stipulations of the present Agreement shall be taken as the basis for the negotiation of the definitive treaty.

ART. VI. The present Agreement is drawn up in Chinese, German, and French; in case of difference in interpretation, the French text shall prevail.

ART. VII. The present Agreement shall be ratified as soon as possible and shall come into force on the day when the two Governments shall have made known to each other that the ratifications have been effected.

Done at Peking, in duplicate, the twentieth day of the fifth moon of the tenth year of the Republic, corresponding to May twentieth, 1921.

[L. S.] (Signed) W. W. YEN.

[L. S.] (Signed) H. VON BORCH.

DR. W. W. YEN, MINISTER OF FOREIGN AFFAIRS, TO MR. H. VON BORCH.
GERMAN REPRESENTATIVE¹

May 20, 1921.

I have the honor to acknowledge the receipt of Your Excellency's letter of even date, in which it is stated:

¹Official translation as published by the Chinese Government.

"As an explanation to the German Declaration and the Sino-German Agreement, I have the honor, at the instruction of my Government, to make the following declarations:

"(1) *Customs tariff on Chinese goods imported into Germany.* The statement that the import, export and transit duties to be paid by the nationals of either of the two High Contracting Parties shall not be higher than those paid by nationals of the country, as provided for in Article 4 of the Agreement, does not preclude China from the privilege of applying Article 264 of the Versailles Treaty.

"(2) *The payment of indemnity.* The statement in the German Declaration that Germany is prepared to reimburse the Chinese Government the expenses of the internment of German militaries in various camps of internment in China, is understood to mean that Germany in addition to indemnifying China for her losses according to the principles of the Versailles Treaty, is also willing to refund to China the internment expenses.

"As to the indemnity for war losses, Germany undertakes to pay in advance a portion thereof in a lump sum, which represents the equivalent of one-half of the proceeds from the liquidated German property and one-half of the values of the sequestered but not yet liquidated German property, which amount will eventually be agreed upon and which will consist of \$4,000,000 in cash and the balance in Tsin-Pu and Hu-Kwang Railway bonds.

"(3) *Chinese property in Germany.* The movable and immovable properties of Chinese residents in Germany will be returned at the ratification of the Agreement.

"(4) *Chinese students in Germany.* In regard to the Chinese students in Germany, the German Government will be pleased to assist them with its best efforts in securing admission to schools or acquiring practical experience."

As to the queries addressed by Your Excellency, I have the honor to reply as follows:

(1) *The security to be given in future to the properties of Chinese or German residents.* The Chinese Government promises to give full protection to the peaceful undertakings of Germans in China, and agrees not to further sequester their properties except in accordance with the generally recognized principles of international law and the provisions of the laws of China; provided that the German Government will treat the Chinese residents in Germany in like manner.

(2) *Judicial Guarantee.* Law suits of Germans in China shall be tried in the modern courts, according to the modern codes, with the right of appeal, and in accordance with the regular legal procedure. During the period of litigation, the assistance of German lawyers and interpreters who have been duly recognized by the court, is permitted.

(3) In regard to the law suits in the Mixed Court, in which Germans are involved either as one or both of the parties, the Chinese Government will in the future try to find a solution so as to insure justice and fairness to all the parties concerned.

(4) *China's trading with the Enemy Act.* All the laws and regulations concerning trade with the enemy will lose their effect from the day of the ratification of the Agreement.

All German trade marks which had been registered at the Customs House will recover their validity, if they are registered again after the ratification of the Agreement, at the Customs House by their owners.

Prior to the general application of the national tariff in China, the imports of Germans may pay the Customs duties according to the tariff rate in general use.

(5) *The liquidation of Sino-German indebtedness.* The Chinese Government has no intention to join the Clearing House System, as provided for in Article 296 of the Versailles Treaty.

Furthermore, the Chinese Government in consideration of the fact that Germany undertakes, as stated above, to pay a lump sum as a portion of the indemnity for war losses to the Chinese Government, agrees to effectually cease, at the signature of the Agreement, all the liquidation of German properties, and on receipt of the aforesaid indemnity and after the ratification of the Agreement, agrees to return to German owners all the proceeds from the liquidation of German property and all the German property still under sequestration.

The aforesaid procedure shall be considered as a settlement of all the matters concerning the liquidation, sequestration, or control of German property, as stated in the second sentence of Article 133 of the Versailles Treaty.

As to the Deutsch-Asiatic Bank and the Ching-Hsin Mining Corporation, the Chinese authorities concerned will discuss methods of settlement with the Bank and the Corporation themselves; the unliquidated premises of the said Bank in Peking and Hankow will, however, be returned to the original owner in accordance with the procedure stated above.

(Signed) W. W. YEN.

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